



THE BRITISH IN CHINA AND
FAR EASTERN TRADE

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"What I heard first I heard last, the one thing the English value is *pluck*."

—EMERSON.

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PREFACE

THIS book has been written in the hope of interesting the British and the Chinese in the development of the vast natural resources of China. It was commenced in the early days of the war; many of the ideas set forth were thought out during the long night-watches on searchlight duty. Notes for the book have been jotted down in queer places and in various countries. Some were made on steamers off the China coast; others in a sedan chair in a Chinese city; one was written in the "Forbidden City" in Peking; and yet another in a Chinese gaming-house at Canton. A few are survivals of pre-war journeys in Siberia, the United States, and Canada. One was put down in Egypt, others in Europe, but the book was written in Hong-Kong.

The self-imposed task has given me more pleasure than any other piece of work, not excluding scientific research, which I have been able to finish. In times of disappointment, after my day's work was over, there was always encouragement in the wonderful story of men of my own race in China, and I have turned to the task now ended for relief during those long absences from home life which are inevitable for those of us who live in the Far East. Perhaps the chief stimulus was the desire to record some facts which I want my three boys, now at school in England, to appreciate. For they spent with me many happy hours of their young lives in China, and I hope that some day they will be ready and eager to maintain the best traditions of their race.

There have been, as always, difficulties. First of all, there was the groping for the desired information and finally the less exciting, indeed the distressing, duty of eliminating much of it. For in its original form the book was at least twice the size of this volume; but it became obvious, even to the author, that neither a sympathetic reader nor a kindly publisher could maintain an interest in such a long story.

In collecting the notes, use has been made of many books, journals, and conversations. In the University of Hong-Kong it has been my duty to explain my scientific work to many distinguished visitors. I thought it fair to gather from them all available information about China. It must, however, be stated that none of my friends have ever seen the contents of this book, and they must not be blamed for its defects, although Mr. C. H. Vellacott kindly helped me with the revision. My occasional contributions have appeared in *The Times*, *The Times Trade Supplement*, the *Electrical Review*, and the *Hong-Kong Daily Press*, and a few sentences from those articles have been incorporated in this book. Mr. A. M. Townsend and other former British residents in China have kindly supplied me with some historical notes.

A chance conversation led me to take the Chairman (the Hon. Mr. David Landale) and the Committee of the Hong-Kong General Chamber of Commerce into my confidence about two years ago. The interest and encouragement which I have since received have more than compensated me for the embarrassment of the confession of my literary hopes. I was inclined to ask permission to dedicate the book to the British Chambers of Commerce in China, but I express my appreciation of their work. I can only hope that some of the suggestions made in these pages will receive sympathetic considera-

tion. I trust that better efforts will follow this attempt to increase Anglo-Chinese mutual respect and friendship. I also venture to ask the reader to think over the chapter, "Some Britons who have Served China," for that provides an answer to those who suspect the sincerity of our race for the ideals which they have carried to the Far East and every other part of the earth where English is spoken. The book, it is hoped, proves that there is reason to be proud of the record of the British in China, and to be sanguine of future trade prospects in that country.

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THE BRITISH IN CHINA AND FAR EASTERN TRADE

CHAPTER I

THE PROBLEM

THE Great War has shaken the political kaleidoscope of the world, and the old pictures will never reappear. There is not a country that has not felt the repercussion of the shock which has devastated Europe. In Asia campaigns between the Allies and the Central Powers have been waged. Japan has been an active belligerent. China stood, in theory, in the ranks of the Allies; if she did not, as a nation, take a part in the fighting, thousands of Chinese coolies assisted in France. Chinese artisans went to Mesopotamia, India, and other places, and worked well under British supervision. For the first time in the history of the world the Anglo-Saxon and the Chinese nations were leagued together for a common ideal and for purposes of war.

At the present time there are all sorts of schemes of reconstruction for Great Britain, the British Empire, and even the world. We who are free to-day because of the self-sacrifice in Europe of the flower of the Anglo-Saxon race cannot remain idle if we think of our indebtedness to the glorious dead. Those of us who live in the Far East wish to assist in the reconstruction, not only on behalf of our own race, but for the sake of humanity. We think that, if our position is understood, we shall be given the opportunity. But we are fearful lest, as has so often happened during the history of our trade

with China, the sheer indifference or ignorance of Anglo-Saxons in other parts of the world will hamper us in our work.

The Problem Stated.—An effort will therefore be made to place before Anglo-Saxons the responsibilities and opportunities which face them in China. The result of an intelligent and definite Anglo-Saxon policy will be of incalculable benefit to everyone. In order that mankind may recover, in the near future, from the material losses of the Great War, the fullest use must be made of the resources which Nature has placed on this earth. If the same energy, the same lofty patriotism, the same scientific thought, and the same unity of purpose amongst the Allies is devoted to the reconstruction of China as was displayed during the destruction of the great menace to civilisation, the future years will be even better for mankind than those before 1914.

We must, however, have clear ideas about the world in which we live, the people in it, and the natural resources available, before we can work coherently upon the problem. We have suddenly realised that there are only certain national ideals which can be tolerated, otherwise a menace to civilisation will inevitably arise. As Anglo-Saxons, we can take a pride in the knowledge that the ideals vindicated recently are those which have been evolved chiefly by our own race. Of the other nations whose history is quite different to our own, the Chinese stand before all the rest in importance because of their numbers, their history, and their intelligence. The British Empire and the United States are more likely to be affected by the triumph of good or evil in Asia than any other non-Asiatic Powers. Asia is awakening, and of all the many peoples of Asia the Chinese are, from the widest point of view, the most important; and of all the countries of the earth, China contains the most vast and undeveloped natural resources. It is also a potential market for British manufacturers of immense value.

The accumulation of knowledge has been a painfully slow process in the history of the world, and the practical utilisation of the knowledge so accumulated has often

been long deferred. Progress has been not infrequently retarded because people have remained either ignorant of the knowledge or indifferent as to its value. Neither of those excuses should be possible in these days of rapid communications and the linotype. To thought is given in these days the wings of the morning. But it must be confessed that Europe and the Far East are still a long way apart. Yet the distance is daily lessening. Even to-day the events which take place in any one country quickly find an echo in every other one on this planet. It was the effect of writings about "the Divine Right of Kings," in English and French literature, that deposed "the Son of Heaven" in China. But while Europe has been engaged in the destruction of life and materials, China has remained, for all the declarations of the politicians, in the old rôle of passivity. It is true that the state of the country has been far from tranquil, but that is no new development—rebellions appear frequently on the pages of the history of China. The disturbances were domestic affairs. The Chinese, in their native land, were but little affected by the Great War. The chief causes of nearly all of the recent unrest in China have been the same as have operated for centuries. They have been economic. The struggle for bare survival has been so intense that the Chinese have fought with each other as bandits, soldiers, robbers—under any guise that words will provide, but always with the same object—the elementary instinct of self-preservation.

To the thoughtful Briton who has lived in China, the petty political squabbles and the continuous economic troubles seem so unnecessary, so much the result of ignorance, that if there were no resulting human sorrow the whole thing would appear simply grotesque. For China is a land of untold latent wealth; it contains within its own borders a remedy not only for most of its own economic troubles, but even for the economic troubles of Europe and America. If only the boundless wealth of China were set free by the application of Anglo-Saxon methods of industry and government, the world

could quickly obtain all of the raw materials that it needs so badly, and the Chinese would acquire the wealth necessary to lift the country and its people out of its present state of beggary.

The Way of the Anglo-Saxons.—It is the firm conviction of the writer that, just as the British have brought blessings and prosperity to India, Egypt, Mesopotamia, South Africa, and other parts of the world, so they can, if they rise to the great occasion, do similar wonders in China. They have demonstrated, beyond cavil, of what things they are capable in the Far East, by the astounding success in South China of their little outpost of Empire called Hong-Kong—itself a practical example of what can be accomplished with British administration, enterprise, and knowledge, when it is used in co-operation with the industry and ability of the Chinese. Examples further away from China, but equally good as evidence of the splendid results of co-operation between Anglo-Saxons and Chinese, are to be found in Singapore and the Straits Settlements.

It is, however, not only in Hong-Kong, but in the Treaty Ports that the British have made their mark in China, and always the Chinese have prospered much more than their benefactors. No other race has acquired so much wealth as the Chinese by the phenomenal prosperity of the Straits Settlements and the Federated Malay States under British administration. In the developments of the natural resources of China which are inevitable in the near future the British ought to play a prominent part. It is certain that if they "carry on" in China with determination to see justice done to all and sundry, and with national organisation, unity, and a high purpose, they will do work in the Far East which will benefit not only Great Britain and the Empire as well as China, but even the whole world. For it is the whole world that needs the mineral wealth and the economic development of China, quite as much as the Chinese need it for their own prosperity.

Whatever our enemies or our critics may say to the contrary, on the whole our record in China is one of which

we may well be proud. That we have made mistakes is only to say that we have been typically British; but we have been typically British in other ways as well. Our countrymen in the Far East have never been callous concerning the terrible distress and suffering that exists in China; time after time they have liberally given to funds to relieve the disasters of floods and famine; and time after time they have made representations and reports concerning the only proper methods of tackling these problems. British women were the pioneers of the movement which has saved thousands of Chinese girls from the agony of foot binding; other charitable efforts include the saving of infant girl life. It is especially noticeable that the early British traders in Canton of nearly a hundred years ago interested themselves in educational work, and to-day there are hundreds of thousands of Chinese who have been taught in English schools in China.

Of our pride of race we need not be ashamed. It does, however, carry with it definite responsibilities. The temptations of Asia are subtle, but Anglo-Saxons have triumphed over them in the past and will do so in the future. It has been said that China is the land of disappointments. Certainly the climate, after a time, reduces the cheery optimism of the new arrival from "home." There is, however, no reason why we should feel disappointed with our national record. Of course, it has varied, but we should judge on averages, and on the average it has been good. It is perhaps unfortunate to have to write that, despite a full appreciation of many of the admirable characteristics of the Chinese, one great disappointment in China has been the attitude of many of the people towards the British Empire. For they are often indifferent when they have reason to be grateful. And yet the Chinese are generous in thought as well as action. Unfortunately, they are often misinformed concerning the history and the work of the British in China.

This is not the place to discuss the past and its politics. It is, however, pertinent to observe that Britain opened

up the Far East to nineteenth-century commerce; that her trade and interests there have been, on the whole, far greater than that of any other nation; and that the two great sources for collecting revenue in China have been organised and managed by the British. Few concerns are better run or work more smoothly than the Chinese Maritime Customs, with which the name of Sir Robert Hart will be always associated. More recently Sir Richard Dane has initiated, and made a success of, the Salt Gabelle on the same general principles. The writer has frequently advocated the extension of those same principles to all departments of the Government of China. Viscount Grey has actually suggested that the practical details of the League of Nations shall be modelled on the same lines as the Chinese Maritime Customs Service.

Let us see how our countrymen bore themselves in China in the past, and whether they are to be trusted to continue to help the Chinese people to develop the vast natural resources of their wonderful country.

CHAPTER II

HISTORY AND ROMANCE

DRAKE was amongst the first Britons to sail the China Seas, and he has been followed for three centuries by thousands of his adventurous fellow-countrymen. The tales of the gorgeous East which the merchant adventurers learnt from the pioneer sailors fired their imagination. The daring young Venetian, Marco Polo, had been astounded at the princely splendour to be seen in China in the thirteenth century. The stories, when they reached Europe, multiplied the magnificence and treasure. At a period of the world's history when tales of fabulous wealth to be had for the asking had been confirmed by the English raiders of the heavily-laden Spanish galleons, anything was possible. New worlds were leaping into the vision of Europe; soldiers, sailors, and traders looked out across the seas for wealth and for things weird and strange to add a zest to life. The new knowledge of the Renaissance had acted like wine in their veins. Nor need we, the descendants of those hardy pioneers, be ashamed of the fact that the merchants of London or Bristol were willing to take a share in these adventures. The English Queen, with her shrewd business head weaving dreams of profits, encouraged and spurred on her subjects to seek out Cathay and the Indies.

Odd tales of brown and yellow men, of dazzling jewels, of the sweet spices, and of the luxurious splendour of those who lived to the East of Europe had come to the London taverns and other haunts of hardy mariners. And if the hated Spaniard or the daring Portuguese

should be found lurking amongst the glittering Eastern islets, there was always the chance of booty as a reward for victory. As for the Arab pirates or "the yellow Devils," whose fleets might outnumber them ten to one, and whose cruelties were beyond description, a good Christian would be certain of his reward if he fell fighting such enemies of his God; and if he slew them, that, too, would go down to his account. Thus the restless adventurers of the Elizabethan era argued. The blood of the Norse heroes was in their veins; the crusades were not forgotten. And down through the centuries has come that old spirit of adventure, modified by this or that new glimpse of knowledge, stimulated by this or that new episode of heroism, but always the same dynamic power which has sent the Anglo-Saxon over the Seven Seas and from Pole to Pole.

Distant Cathay.—If Europe was almost entirely ignorant of the semi-mythical land referred to as Cathay in the Middle Ages, events were shaping themselves in China which were very soon to influence the history of Europe. In this age of Western science and steel and electricity, it is worth noting that it was one of the most remarkable pieces of engineering work the world has ever seen carried out in China which sent the Turk into Europe. For the Great Wall was a barrier against which the waves of Mongol horsemen beat themselves, only to roll back again to find some course of less resistance.* The Great Wall would, at a later date, have kept the stranger out of China but for the rebels in the centre of the kingdom. Thus it was in 1644, when the Manchu dynasty planted itself upon the Dragon throne, while these gigantic wars of the Far East were unknown in Europe.

To the Portuguese is due the honour of being the first of the European nations to reach the Far East by sea,

* This fact seems to have been overlooked by historians and was, as far as the writer is aware, first pointed out by Sir Charles Eliot in the course of a lecture delivered in 1916, in the University of Hong-Kong.

and four centuries ago (1516) a "Fulangki" fleet appeared at an island not far south of Canton. Apparently the strangers reached Canton in the next year and Peking two years later. First impressions are said to be lasting, and to these early buccaneers we may, perhaps, trace that hostility to all Europeans which has been such an unfortunate feature of Chinese history since those days. By discovering the Achilles' heel of the Far Eastern giant, the Portuguese were allowed to occupy Macao (1534-7); some Chinese official had revealed to the strangers the national weakness to bribery. This picturesque little Portuguese colony, which for three centuries was the only real foothold of Europeans in geographical China, has now suffered commercial eclipse by that other colony of the British, founded on the island of Hong-Kong. The trade of Macao is now insignificant; the physique and moral of the mixed race who claim descent from the Portuguese doms is generally below that of either pure Europeans or pure Chinese. The haughty Spaniards also sailed East in that wonderful sixteenth century. They seized Manila (1571), and named a group of islands "The Philippines" in honour of Philip II., Elizabeth's implacable enemy.

In the days of Elizabeth an expedition left England for the Celestial Empire, but owing to a storm it failed. It may be of interest to mention here a letter of the English Queen to the Emperor of China, dated July 16, 1596, for it asserts the principles of free and equal intercourse between the peoples of the world, which is to-day the pivot of the endeavours of the wisest Anglo-Saxon statesmen. Three centuries have elapsed since the letter was written, and it failed to reach the Emperor. But it marks the beginning of our relations with China, and it expresses, not haughty contempt, but goodwill towards the people and the ruler of China. However, the bearers of the letter came to some untimely end and simply disappeared. The seas were infested with pirates; there were no charts; there were no warnings of typhoons. The faithful subjects, Richard

• Allen and Thomas Bromfield, never returned to tell the Queen of their adventures.

It was not until 1635 that English ships first appeared in China. The objective was Canton; the authority was a charter from Charles I. The gallant Captain Weddell found the Portuguese at Macao and proposed an *entente*. But he was not wanted, although his enemies pretended friendship. Tired of the continual postponements by Portuguese and Chinese alike, the British sailor sailed up the Canton River, preferring action to words. He was fired upon by the Chinese forts. Hoisting a red danger signal, so that none could accuse him of treachery such as he had experienced, he fought, and with his brass cannon silenced the Chinese forts. In the fashion of the age, he followed up his victory by hoisting the British flag over them. About two centuries later (1841) the Union Jack fluttered from the peak of a little barren island not far distant from that first spot in China where the gallant Weddell first hoisted our colours; the flag still flings out its message of freedom and progress alike to the European and Asiatic.

The Golden Eggs.—Although Canton, Ningpō, and Amoy appear in the early records of British trade in China, Canton was the real centre, and in 1681 it was decided to establish a large factory there. Very quickly the astute Chinese officials saw that, in the jargon of our own more recent politics, they could “make the foreigner pay.” The Manchus in Peking might despise trade, but the officials in Canton had a liking for the golden eggs. “Tax the foreigner” was the cry that appealed to them, for their whole life was one long scheme to tax anyone or anything that could be made to pay. They had discovered the absolute limit of taxation of their own people, for the burden had been so adjusted that it was just heavy enough to be carried without incessant rebellion. This new source of revenue from the “foreign devils” was considered a windfall. And so we begin to understand why it was that, for all their hatred of the European, the Chinese officials did not fight on, but tolerated them

in Canton. If not exactly a goose, the white man, at any rate, provided the golden eggs. And even to this day, when the tribute from Canton officials to Peking is no longer recognised as a part of official life, the power of money is second to none other in the largest city in China.

For their part, the traders who followed Captain Weddell saw no reason why they should not avert the hostility of the Chinese officials by money payments; they discovered that the Canton commerce was so profitable that they could soon recuperate themselves of such expenses. And so, if they did not exactly purchase friendship, they at least bought something in the way of security. After the arrival of Weddell, ships from Britain continued to sail to and from Canton. These mariners had to run the risk of uncharted seas, infested with pirate fleets. It was a life sometimes dangerous and exciting, sometimes monotonous and stagnant. During the periods of stagnation these pioneers, in some ways, fell below the standard of morality which the presence of white women and children in the Far East has now set. They formed alliances after the manner of the Chinese. If their own women would not or could not come out, it was easy to buy wives in Canton. The alliances were usually quite satisfactory to both parties. The Chinese women did not expect too much, and the white men usually treated their native "wives" well; but they left as a legacy the problem of Eurasia. The men were seldom indifferent to their offspring and rarely unkind to their "wives"; but we cannot suppose that social life under such conditions was very refined. And so the years went on, with a constantly growing trade between England and China until the arrival of the first British man-of-war to visit the China seas in 1742. This was soon followed by the historic event of 1793, when Lord Macartney arrived in the Far East. He had audiences with the Emperor at Jehol. He brought a great variety and number of presents from King George III. to the Emperor, but his mission did not do much on behalf of

trade, except at last to obtain a definite recognition of the status of the British at the Manchu court.

The really important feature of Lord Macartney's mission was the objective—the Son of Heaven. Hitherto the sovereigns of both the British and the Chinese Empires had not worried much about the Canton trade. George the Third had created a new nation, the Americans, by his "mailed fist" methods; and his efforts in the Far East were hardly more successful than those in New England. For while the British colonists fought against his domineering edicts, the Chinese, with an arrogance and ignorance which forbade any notion that they were other than serious, calmly accepted the presents of the British King as a fitting tribute of a minor ruler who craved their friendship. In one of the letters from the Chinese Emperor to the unrepresentative ruler of Britain the former commanded him to "tremble and obey." We can see the humour of the message to-day, for it was just the attitude of King George to his own freedom-loving subjects in America. But, unlike them, King George III. seems to have accepted the insult without vigorous protest.

A Century Ago.—In order to give a rough sketch of the life of the British in Canton of about one hundred years ago the writer spent many afternoons going over the old records to be found in Hong-Kong. The first issue of an English newspaper is dated January 5, 1828, but it is No. 5 of Vol I. of the *Canton Register*. Insignificant in appearance, it was obviously the effort of amateurs. It opens with some disconnected editorial notes which begin with an apology. "The present number of our paper," it states, "has been delayed for several days in consequence of the loss of the services of our former printer, and the difficulty of replacing him." The next paragraph is even more dismal. "We have the melancholy task of announcing, in this paper, the unexpected death of Sir William Fraser, Bart., Chief of the British Factory." It is then related that the remains of Sir William were interred in the Honourable East India Company's burying-ground at Macao on

Christmas Day at noon. The Rev. Dr. Morrison, the pioneer British missionary, and a great scholar, conducted the service. "Sir William was about forty years of age, and possessed an ample fortune," says the chronicler, and then quickly turns from such a worldly consideration, for he continues, "but 'a man's life consisteth not in the abundance of the things which he possesseth,'" and he reminds his readers "in the midst of life we are in death." His final advice is: "Be ye also ready." It was not a cheerful issue. But on the first anniversary of this publication, issued on November 3, 1828, the editor preens himself as follows: "We cannot but indulge in those feelings of complacency suggested by the recollection that we have been the fortunate medium of conveying so much instruction and amusement to our readers."

Some prices recorded in that issue of nearly one hundred years ago are of interest. British chintzes of 28 yards were listed at from 4 to 5 dollars a piece; muslins of 40 yards at 3½ dollars a piece. You could buy elephants' teeth at 60 to 95 dollars a picul; and nutmegs were imported and sold at 55 dollars a picul. The great export was tea, and Pekoe was at about 60 dollars a picul, but Bohea was one-fourth the price. The exchange was then about 4s., so that Bohea tea was purchased in Canton in those days at about 6d. per pound.

In the *Canton Register* of January 17, 1831, there is a copy of the Petition "To the Honourable the Commons of the United Kingdom of Great Britain and Ireland in Parliament assembled," and we now begin to trace the activities of the small band of British in Canton who called themselves "free-traders." Possibly the energetic Mr. Matheson wrote those editorial notes. The *Register* claimed that the petition expressed "nearly the unanimous sentiments of the British subjects in China not in the service of the East India Company—sentiments sanctioned by an experience derived from forty years' uninterrupted residence in this country." The petition prays for official action of the Commons to appoint "a higher authority" than the Company in

China, and it is signed by forty-seven, including the celebrated three, William Jardine, James Matheson, and Alexander Matheson. There are also six names—such as Sorabjee and Cowasjee—which suggests a Parsee origin of some of the petitioners. A reply was addressed to “William Jardine, Esq., and the British subjects in China whose names are subscribed to the Petition to the House of Commons.”

Life in Canton.—From time to time you may catch glimpses of the life in the British “factory” in Canton of from eighty to one hundred years ago. To us it appears very little less than imprisonment. No European ladies were allowed to come near the city. The *Chinese Repository* commenced its ‘life’ in 1832, and in its first issue it says: “Thirty years ago there was not living more than one individual capable of translating from Chinese into English; and there was not one of the sons of the ‘Son of Heaven’ who could read, write, or speak correctly the English language.” In the whole of China at that time the only Europeans consisted of a little colony of Russians—actually ten persons—in Peking, and a handful of traders in a very narrow place at Canton and in Macao. Of China, other than those places, says The *Chinese Repository* of that date, “foreigners can by no means be permitted to enter and reside in it.”

The Straits Settlements.—Mention must be made of the fact that in 1819 the island of Singapore was purchased from the Sultan of Johore as a suitable half-way station between India and Canton. In the same year that great Englishman, Sir Stamford Raffles, founded the town. British Malaya is the result of the foresight and energy of Raffles. It is of interest to notice that this “forward” policy of 1819 was caused by a reflex action on British seamen of the great naval victory at Trafalgar. On many occasions the British seamen had fought the Dutch in the East Indies, and it is merely an accident that Java and Sumatra are not under the Union Jack.

British Malaya is a splendid example of what might

be accomplished in China. To-day it is prosperous, comparatively healthy, and its natural resources are available for the use of mankind. One hundred years ago, and for centuries before that, it was jungle, broken only by pirates, or the settlements of despotic native princes.

We are, however, concerned more with the efforts of the British in China than in Malaya or in India. But it is well to remember that there has been always a great trade, in which the British have taken a part, between India, Malaya, and China. The Imperial Government in Peking, in the beginning of the nineteenth century especially, was very suspicious of the advance of the British in India, and the arrival of British warships in South China did nothing to reassure them. In 1817 an Imperial edict forbade the transport of tea to Canton. But the Chinese Hong syndicate had influence with the Canton viceroy, and Canton was a long way from Peking.

From time to time the British Parliament had its attention drawn to Chinese affairs and trade. The Company was often attacked. In 1821 it was noticed that, in the course of twelve years, the American carrying trade had nearly doubled, and in 1819 the House of Representatives issued a report which concerned itself with trade in China.

In theory, the old East India Company had possessed for many years a monopoly of the British trade in Canton, but in practice others began to "cut in." The prizes were too good, the state of affairs in China too much in flux, to keep out other resolute Britishers. Then, in 1834, the trading charter granted to the Company by Charles I. expired. The end of an era had arrived, and fortunately there was a statesman in Britain who realised that fact and acted boldly. Lord Palmerston's instructions to Lord Napier (1833) included the following words: "In addition to the duty of protecting and fostering trade at Canton, it will be one of your principal objects to ascertain whether it may not be practicable to extend that trade to other parts of the Chinese dominions." There is nothing of the *laissez-*

faire British policy of the latter part of the nineteenth century about these words. Lord Napier was also instructed to establish direct contact with the Court at Peking. At that time, the British had the paramount interest in the trade of China, but they did not attempt, in any way, to exclude other traders.

The Right Policy.—It was during the first half of the nineteenth century that the most creditable pages of the history of British statesmanship concerning China were written. In the two decades next after the accession of Queen Victoria we can take the greatest pride about the attitude of the British Government. The policy was open and it was definite. It was to the mutual benefit of Great Britain and China. If it had been continued, it would have saved many misunderstandings, much bloodshed, and it would have led to a great increase of trade. British sailors of the period showed all of the characteristics which we have learnt to associate with them—pluck, tenacity, and good temper. They fought many a desperate battle with the pirates of the China seas. The Manchu court at Peking was probably indifferent and certainly ungrateful; the Chinese officials in Canton were usually in league with these pests of the Southern seas, and probably their destruction meant less “cumshaw” or “squeeze” for them.

The Taiping Rebellion.—Mention must be made of this remarkable revolt against the Manchus. Tranquility was restored by Gordon and other foreigners at the end of 1864, but for fourteen years there was a revolt which swept through the Chinese Empire, costing millions of lives and indescribable misery.

The position of the Europeans in China was one full of anxiety. And while the Taipings held nine-tenths of the country, the Manchu dynasty insulted “the outer barbarians”; Canton was twice taken, and the Treaty of Tientsin signed in 1858. The French co-operated at this period with the British; Peking was occupied and the Summer Palace burnt as punishment for the brutal murder of men imprisoned while under a flag of truce. There is a memorial cross in the British Consular com-

pound in Shanghai which reminds us that many of our countrymen suffered death in their pioneer efforts of these days. Soon after the end of the foreign war, there commenced British representation at Peking. Mr. Bruce, brother of Lord Elgin, was the first British Minister.

The Convention of Peking (1860) is worthy of mention: It included an apology, with arrangements for the payment of an indemnity and for the retirement of British troops from Peking. Tientsin was opened to trade. Chinese exclusiveness was near the end with the signature of a convention within the city of Peking, and the formal reception of foreign envoys. In 1864 upwards of 80 per cent. of the external trade of China was with the British Empire as a whole. All of the foreign banks but one, and three-fourths of the large business houses in Shanghai were British. It was typical of the period.

Tientsin Massacre.--In 1870 there took place a massacre at Tientsin, the causes of which were (1) anti-foreign sentiment, chiefly caused by malicious statements about missionaries; (2) the inaction of local officials, and a suspicion by Europeans that these native officials encouraged the mob. These causes were frequently at work, and reached their zenith later in the Boxer outbreak. At this period (1870) there was undoubtedly bad feeling between British missionaries and merchants, the former claiming that "they alone were the true envoys of civilisation," and the latter blaming them for the anti-foreign feelings of the Chinese.

Another source of friction has been, and unfortunately still is, the system of "ex-territoriality." The foreigner wanted, and still wants, security in his business. The imposition of "likin," a form of taxation on goods passing into the interior, has also caused a great deal of trouble. The foreign merchant has maintained that the "likin" was invariably "squeeze" for a local official, and that it impeded trade. The noticeable feature is that, all through this period, the British merchants bore the brunt of the pioneer work done on

behalf of all foreigners. But from 1865-1884 it was a time of anxiety and much misunderstanding.

The opening of the Suez Canal and the completion of telegraphic communication with Shanghai brought about a revolution in the business methods of the traders in China. Along this period (1870-84) there was an enormous increase in the import of Indian tea to the United Kingdom, and there was great progress in the extension of shipping. The American flag showed a temporary increase after the conclusion of the Civil War, but that was chiefly due to the re-transfer of vessels placed temporarily under foreign flags. The real growth was in British and German shipping. By 1880 the American flag had practically disappeared from the river and coast trades of China. In 1872 the China Merchants (native) company made the attempt to obtain the coast trade. Unfortunately the movement was inspired by anti-foreign ideas. The China Merchants Steam Navigation Company still runs ships along the China coast. The captains and chief engineers are, however, British.

All along this period British merchants in China and in Britain laid stress on the need for opening up new markets for our expanding machine industries. The Associated Chambers of Commerce sent a strong memorial to Gladstone in 1873, in which they recommended the opening up of a trade with the south-west frontier of China for British and Indian goods and Chinese products. The British officials in India were not at all sympathetic with such ideas. In 1884 the French declared a protectorate over Annam. The Franco-Chinese treaty (1885) seriously affected British interests. That commenced the era of the "spheres of influence" and the period of concessions. The worst feature of it was the seizure of Kiaochau (1897) by the Germans. In a despatch—Macdonald to Salisbury, 1897—we may read the following comment: "It has this blot upon it, that it makes the murder of German missionaries a counter for the purchase of commercial advantages." At that time Russia was pressing for the economic, as well as the political, control of North China; France was aiming at

the South. And Japan, as the result of her successful war, had wisely followed the older and more generous policy of the British, by obtaining commercial benefits open equally to all the Treaty Powers. The Treaty of Shimonoseki (1895) was a most important event. In 1898 Lord Salisbury announced that "it may be said that the policy of this country is effectually to open China to the commerce of the world." That is the only policy possible to-day, and it is one that Britons in China have always advocated. That is why the British have wanted railways which did not impair treaty rights, and which were unobstructed by administrative or fiscal arrangements. The United States refused absolutely to recognise the idea of "spheres of influence" in China. Thus Anglo-Saxons are united in general policy.

The Anglo-German Agreement of 1900 is noteworthy for setting forth the principle of "the open door," to which Russia and France hastened to agree so long as the idea was applied to the future and not to the immediate past—meaning Tongking and North China.

From 1885 to 1904 the value of foreign trade steadily increased. As an average of three years, in 1885 the total was 180·8 millions of Haikwan taels; in 1904 it was 523 millions.

The year 1894 can be taken as the commencement of a new era, in which the railway was to be a factor in economic development. In 1875 tea accounted for 53 per cent. of the exports, silk for 36 per cent. In 1904 tea had dropped to 12½ per cent., silk was 33 per cent., and "miscellaneous articles" had risen from 11 per cent. to 44 per cent. In 1903 of the tonnage, in millions of tons, entering and clearing in the foreign and coast trades of China in 1903, 28·1 flew the British flag, 9·9 the Chinese flag, 7·3 the German, 7·9 the Japanese, and 0·5 the American flag. France and Norway could each claim 1·1 million tons. It will be seen that the tonnage of British ships was greater than that of all of the other nations combined. British tonnage had more than doubled in twenty years. At about 1890 there commenced a vital change—cotton-ginning

in China. It was the beginning of the industrial era. But the most significant change of all was the growing value of the miscellaneous minor articles of luxury or necessity in the imports. It was a business created by studying native tastes and bringing to the notice of consumers articles both cheap and attractive. All of these changes, including order by cable, made the merchant, do his business more as a commission agent than before.

The Tea Trade.—There is romance enough in connection with China tea to write a whole volume on the subject. Just before the new era of steamships, Suez Canal, and the cable, the China clippers had had their exciting races home, and the Clyde had been as proud of the records of these fast sailing ships as were the owners. To the ordinary Briton tea is tea; to the Chinese there are many types. Over this period (1885-1904) the Chinese exports of all tea fell from 2.15 to 1.44 (in million piculs). The imports from China (in million pounds) fell from 127.2 to 21.6, while those from India rose from 89.8 to 263.9. For Indian tea was not only cheaper than that from China; it was grown and prepared better. The British merchants in China suggested the opening up of the country on such terms that any foreigners could buy land and cultivate tea, as in India. That system would have been of great value to the Chinese nation if it had been adopted. Even now it may be possible to make some such arrangement so as to improve the growth of tea in China. It is noticeable that tea is only one item of agricultural produce in China; the poppy has been cultivated considerably, especially in the past.*

The Anti-Foreign Movement.—The Boxer outburst was a terrible experience for all foreigners. We are concerned with these most deplorable anti-foreign outbreaks in so far as they affected trade. The final protocol of September, 1901, defined the position of the Powers. The last great outburst against the "outer barbarians," inspired by the

* See Andrews' "Camps and Trials in China" (1918), p. 91, for an account of the supersession of the poppy by corn, particularly in Yunnan.

Manchu dynasty, which the foreigners had maintained in the days of peril during the Taiping rebellion, sealed the fate of the Imperial régime. The greatest difficulty arising out of the Boxer business was that of exacting reparation. A result, most important in its consequences, was further commercial reform in China. Li Hung Chang made the best peace possible with the eleven foreign representatives in Peking, but China was compelled to borrow money on a large scale in order to support a tottering dynasty.

Soon after the Boxer outbreak, Yuan Shi Kai became the most important Chinese, for Li Hung Chang's death left Yuan as the one really able official. Until the death of Yuan in the midst of the world catastrophe, the Great War, nobody in China counted as much in the foreign embassies at Peking. In 1902 Great Britain made the famous alliance with Japan. In 1904-5 Russia and Japan were at death-grips. Manchuria was the cockpit for the struggle. China, officially, at any rate, was unaffected, although Manchuria was, theoretically, a part of the Chinese Empire. But events were leading up to the overthrow of the Manchu dynasty. In 1904 Great Britain was very much concerned in supporting Chinese suzerainty in Tibet. Unfortunately, many Chinese, aware of the fact that Korea, Manchuria, Annam, and Formosa had disappeared, for all practical purposes, from the Chinese Empire, misunderstood the action of Great Britain in Tibet. But it is now evident that Britain was maintaining friendship with China. Then came the revolution of 1911 with the cry, "Away with the Manchus!" All that has happened since is modern history. The Dowager Empress, the wonderful "old Buddha," and the Emperor died (1913) unexpectedly within a few hours of each other. Sun Yat Sen was elected first President of the new republic; he quickly made way for Yuan. Throughout this period Yuan Shi Kai undoubtedly saved much trouble and bloodshed in China by acting, in a masterly manner, as go-between in the struggle of the Southern, or Cantonese, party and the Manchu princes. But fighting was not yet ended in China.

One of the remarkable products of the revolution was General Chang Hun. He faithfully fought for the Manchus in 1911, but he was driven out of Nanking. Later he was sent by President Yuan to suppress rebels there (1913), and he mercilessly sacked that city. Nothing but a brigand who believed in "blood and iron," he was a curious example of the influence wielded by a man without mercy or scruple.

The Last Seven Years.—On a retrospect of the last seven years I seem to see nothing but chaos and disorder, and especially revolts against the authority of Peking. But, on closer inspection, it seems as if much real progress has been made. These rebellions are, as it were, surface irritations. There is nothing organically wrong with China. It seems certain that the failure of Yuan to make himself Emperor has rendered impossible the restoration of a monarchy; but then the unexpected so often happens, and many wise men say that it is a form of government peculiarly useful in China.

Everything seems contradictory in China; that is the only explanation of the fact that this nation, which is always more or less in a state of ferment and fighting, is composed of the most peaceable individuals on earth. For my own part I am not ashamed to confess that my admiration for the Chinese increases with fuller knowledge, and that I respect them more than any other people except my own. Most Britons who know Oriental peoples will probably agree that the Chinese, as individuals, are the best of all Asiatic races.

The days of romance are not over. There is still the adventure of opening up new countries, still the splendid opportunity to build bridges and to cut highways. The British may be able to play a prominent part in restoring law and order in China, by improving communications and developing the mines, water-power, and other sources of natural wealth. And as Anglo-Saxons and Chinese work more and more in co-operation, the old suspicions and hostility will entirely disappear, and will be replaced by mutual respect.

CHAPTER III

A SHORT TRADE RETROSPECT

The Early Days.—The history of the British in China, for the two centuries down to 1834, was practically the history of the old Honourable East India Company. Canton was the objective of British ships. Just about a century ago, however, the British national spirit of independence asserted itself, and the so-called "free-traders" appeared in Canton to challenge the monopoly of the Company.

The earliest pioneer of British free trade in Canton was Mr. William Jardine, founder of the still flourishing firm of Jardine, Matheson, and Co., who visited China off and on between the years 1802 and 1818, and resided in Canton continuously from 1820 to January 31, 1839. Next in time and influence came W. S. Davidson, R. Inglis, of Dent and Co. (1823 to 1839), the brothers A. Matheson (1826 to 1839) and J. Matheson. A short history of some of those early British pioneers will be found in another part of this book; but it must be mentioned here that, chiefly due to the sturdy independence of spirit and the national characteristics of those early "free-traders," the British Parliament dissolved the trade monopoly of a company whose record in China did not enhance our national prestige. In 1838 an Act of Parliament declared it expedient "for the objects of trade and amicable intercourse with the Dominions of the Emperor of China" to establish "a British Authority in the said Dominions." The British Government was authorised by Parliament to send out to China three Superintendents of Trade, one of whom was to preside

over "a Court of Justice with Criminal and Admiralty Jurisdiction" in that part of the world. It is worth noting that the first Government officials sent out to take up permanent appointments in China were Superintendents of Trade. There were all sorts of difficulties manufactured by Chinese officials in Canton in the early days, and the object was always the same, to extract bribes or fines. When the monopoly of the East India Company expired, the Chief Administrative Officer in the Far East of the British Empire retained the title of "Superintendent of Trade." Captain Elliot, who first hoisted the British flag over the island of Hong-Kong in 1841, made it plain that the object was to make the place rather a station for the protection of British trade in the Far East than a colony in the ordinary sense. Until 1859 the titles of the Governor of Hong-Kong included that of Superintendent of Trade. Now the British Minister in Peking holds this title.

It is curious to see that from that time until the Great War the British Government really did very little for British trade in China. No man of independent spirit ever wished it to behave as the German Government did in China between about 1890-1914; but it should be realised that the unfortunate attitude of the authorities at home towards trade in the Far East certainly affected our national prestige. It is even humiliating for a Briton to read of some of the episodes of the last half-century: the policy varied; the issues were confused and misunderstood. Yet British energy and enterprise opened up the Far East and developed out there the cult of Anglo-Saxon ideals. Almost simultaneously with the arrival of the British "free-traders" in Canton about one hundred years ago, there came the first of the British missionaries. At first the British public "at home" became more or less acquainted with the China trade through the words opium and tea. The trade in opium is now ended, so far as the British are concerned, and it terminated chiefly owing to the action of the British Government. Opium is still grown in China in places, and opium smuggling still goes

on. In the case of opium, as of alcohol, it is much better to have some regulation of the trade. A highly respected British merchant in Hong-Kong recently summed up the matter in a few words: "My own firm were offered, and refused, the agency for some popular brand of Indian opium; they would have refused a whisky agency. They have rather Quakerish ideals. But they do not say that everyone must hold their views on the trade."

In later years the great trade of the British with China became cottons and woollens from Manchester and Yorkshire. Tea and silk were the staple articles of export. But owing to the Chinese national characteristic of refusing to look beyond the morrow, and the opposite characteristics of the British in India, the tea trade has diminished, and Ceylon and Indian teas have won in the struggle which goes on in articles of commerce, as in the animal world.

The Trade of To-day.—With their usual adaptability, the British traders did not hesitate to turn their energies into other directions when they realised that conditions of commerce in the Far East were changing. They developed the ocean-carrying trade, and British steamers carried the flag up and down the China coast and even on to the inland waterways. Hong-Kong became, actually, so far as tonnage cleared was concerned, the largest port in the whole world. International settlements were obtained, developed, and chiefly administered by the British. Japan was transformed by British teachers, men of commerce, and engineers. China was explored.

Then came the period for the mania for concessions and the borrowings of China. All of these events cluster round the Boxer outbreak of 1900; it was a period of no very great credit to British prestige, although that was not the fault of the British traders. Our national reputation suffered heavily by "the deplorable weakness of Lord Salisbury's Government in the winter of 1897-1898," as Putnam Weale wrote of it several years ago. Then it was that English statesmen looked on and did

not protest while Germany seized Tsingtao and Russia annexed Port Arthur. The Empire with the greatest trade in China, the trustee of "the open door" policy, and the opponent of "the break-up" of China, allowed slices to be cut off without a murmur.

In Asia there was going on in trade the conflict between the Anglo-Saxon ideals of freedom and the square deal of the British on the one hand, and the Jingo Imperialism, with its crude selfishness, of Germany and Russia on the other.

Thus it was that, in 1914, before the final clash of those divergent ideals led to war, the position of British trade in China was threatened. It had as assets, a valuable connection, splendid experience of Far Eastern conditions, the efficiency of the British merchant, control of the marine carrying trade, and the energy and enterprise which had given British trade such momentum in the past. In the scale against it was the indifference of our own Government, the unscrupulous methods of certain trade rivals, the disturbed state of China, and the absurd prejudice of many of the Chinese officials.

The articles of trade had increased greatly in number each year, despite the obstacles. Cotton goods still bulked largest in the returns, but many other articles were coming out to China from Britain. British engineers had won a premier position in the world; the machine shops of Britain were running on work which included engines and machinery for China. British financiers and their technical experts were building railways, slowly developing the mineral resources, and generally doing their best, despite many discouragements, to build up a more flourishing and cleaner China. Anglo-Saxon oil and tobacco companies had penetrated into the remote villages with their kerosene lamps and cigarettes; every small town was demanding machinery for electric light. Then suddenly came the Great War.

It is almost useless to discuss the details of trade since then, because the conditions have been so abnormal. Many Britons dropped their tools used in Far Eastern trade and snatched up the weapons of war; they now

rest in France, in Palestine, or Mesopotamia. Ships left the coast and rivers of China for more grim work; some of them now lie fathoms beneath the surface. Freights went sky-high; the exchange soared to such an extent that experienced traders held their breath. The cannonade in Europe upset the trade conditions of the Far East, for the earth itself seemed to rock, and the foundations of British Far Eastern trade might not have been deep enough to withstand such an earthquake. And now that the war is over we find the foundations sound enough; but we need thought and energy to go on building the structure. Many stories may yet be added to it by British architects and Chinese workmen.

The Prospects.—The fighting with the weapons of war is over; the energy and thoughts of mankind are directed to reconstruction. The limitless wealth of China is the great opportunity. What is to be the trade of the future? Some of the prospects we shall consider in the chapters that follow.

CHAPTER. IV

THE OUTLOOK

IN 1883 the „foreign trade of China, imports and exports, was valued at 143·8 millions of tael. The imports and exports were both doubled every ten years, until, in 1913, the total was 973·8 millions of tael. In thirty years the foreign trade had increased seven times. In the same period of time the foreign trade of Japan had increased from 44·7 millions of tael (1883) to 939·2 millions of tael (1913). Thus, in thirty years, the foreign trade of Japan had increased twenty-one times. But other figures can be given which show China compares unfavourably with India. In 1913 the value of foreign goods imported was eight times that of 1883, but even then it was only 1·5 shillings *per capita*. In India, for the same year, the figure was 2·8, but the following comparison is the most disquieting: Thirty years ago, imports from Great Britain to China were 43 per cent. of the total. In 1913 her share was only about 24 per cent.

The Change of Trade.—It is usual to associate China with cotton goods and opium as imports, and tea and silk as exports. They are most important commodities of the foreign trade of the country. Each year, however, brings changes, and it is proposed to suggest to the reader the probabilities of the trade of the future rather than to speak about the causes of the success of the past.

Cotton-spinning and weaving mills are already established in China, and it is certain that the industry will expand rapidly and extensively. The Japanese have recognised the inevitable; there are also British cotton

mills in Shanghai. There are many signs that Shanghai may ultimately become both the Liverpool and the Manchester of China.

It is not suggested that the importation of cotton goods will suddenly cease. It is, however, desired to emphasise that in the Far East there is already a demand for the machinery necessary for cotton mills, and that this demand will rapidly extend. The mills of Shanghai contain the most modern equipment; they obtain cheap electric power and very cheap native labour. There is at present practically no extraneous control, such as is exercised by the British Board of Trade. All of the local conditions are favourable to an extension of the Shanghai mills.

In recent years the crop of native cotton has been good; that grown in China has been the cheapest to be found in the world. Since the mills were started in Shanghai Chinese cotton has risen in price by more than 80 per cent. That rise is largely in sympathy with dearer cotton all over the world, but it has encouraged cultivation in China. A cotton-testing house was established in 1911. Unfortunately there is no legislation to check adulteration, which is common. "The cotton industry is hampered by taxation. In the opinion of Mr. Taylor, statistical secretary for the maritime customs, if there were given fair local conditions " there is no reason why China should not eventually rival India as a producer of cotton and cotton goods." Before that is within sight a great deal of valuable machinery will be imported either from Japan, America, or Europe. There will be an opportunity for the engineering firms of Lancashire.

It is to the advantage of everyone if the Chinese can produce more from their own land by the aid of modern scientific methods. It is by the application of machinery that they will be able to do so, and not only will they be able to purchase machinery, but other goods as well, for they will become more wealthy.

Establishment of New Industries.—There are indications of the growth of all kinds of industries in China. It is only the commencement of the industrial era, but

there is each year an increasing demand for metals and machinery. Cotton mills, flour mills, leather factories, cold storage, and electric light and power plants have appeared. Every piece of machinery is a practical advertisement of its own advantages. The Chinese are quick to appreciate the value of what they see. A large number of wealthy Chinese young men are studying engineering in the colleges of China, and many go abroad. They may lack practical experience, but they will act as missionaries of modern machinery. Industries controlled by Chinese are increasing in number, and in Canton the local factories have proved successful. Cotton singlets, drawers, and socks from them are in great demand. Not only are oil and cigarettes penetrating inland, but the Chinese are becoming interested in machinery. It has at last dawned upon them that money can be made from the sale of electric light. The new republic brought a sudden demand for European hats and clothes. The Far Eastern shipyards have been extending their activities and importing steel and machinery. The dawn of the modern industrial era in China has commenced with the creation of industries in the coast ports. Sugar works and cement works have proved profitable in Hong-Kong; cotton mills and the use of electric power are extending in Shanghai. River boats and coast steamers are being built in China. The native mechanic has proved himself to be an excellent workman. There is a feeling of optimism about the construction of new railways, for those at work were paying well. The trade returns are rising.

The remarkable feature of the imports of the last two or three years (1915-18) has been the enormous increase in Japanese products. It is stated on excellent authority that these are ousting the goods of Britain and America. While the success of Japanese competition in cotton goods is chiefly noticeable, electrical supplies from Japan have greatly increased of late. Britain will find a keen rival in the Far East during the great transformation of China. In the beginning British engineers and shipbuilders were almost the only people

interested in railways, shipping, machinery, and metals used for communications and other purposes. Since then the traders of several nations have become attracted by the reports which have reached them. Japan has appeared as a scientific and well-equipped competitor. Fortunately, the possibilities of the future requirements of China are so great that British manufacturers need not be disheartened by the number of competitors.

After the War.—The most encouraging event that happened in China, since the establishment of the Maritime Customs, the opening of the first railway, and the equipment with machinery of a coal mine, was the entry of China into the ranks of the Allies. The changes in Government which resulted in the overthrow of her Manchus, and the struggle for power between various political factions, were, after all, domestic affairs. The declaration of war on Germany was a definite announcement that China, as a country, is interested in the politics of Europe. It is a natural outcome of the change in the mental attitude of the officials and traders of China towards world politics; that is the result of the intercourse with foreigners, especially during the last quarter of a century.

As in every other country, so in China there are factors which help progress and obstacles which retard development. In the case of foreign trade the movement has been in a forward direction; the aids to progress are fortunately more effective than the deterrents. The great success of Chinese merchants abroad is worthy of notice, because it shows what is possible if the political conditions in China were made similar to those of the Straits Settlements, Australia, or Hong-Kong. A sterling millionaire recently died in Penang. He went south from Canton to Singapore as a lad, penniless. He attributed his success to the equal opportunities afforded to all traders in the Straits Settlements. He refused to take an interest in the development of the mines of China until the Government regulations were changed. He was most anxious to assist in the development of his native land, but he would not spend his wealth in

the bribery of officials. When he discovered that the mining regulations could not be altered, he endowed an institution for providing young Chinese with Western learning.

The true friends of the Chinese continually explain to them the fatal results of the neglect of their industries. China teas have lost their premier position in the markets of the world because of the indifference of Chinese tea-planters. Even now, the introduction of scientific cultivation and the use of machinery would not only improve, but cheapen, the common kinds of tea. The Ministry of Agriculture and Commerce has recently established the Anhwei Tea-Planting Model Farm, and the first batch of thirty-nine packages of it reached Hankow a year or two ago. It is to be sincerely hoped that the Chinese interested in the tea-plantations of the country will learn the only lesson which will enable them to regain some of their lost markets.

In all branches of trade the story is the same. The possibilities for expansion are almost illimitable. For many years foreign advice, foreign supervision, and foreign machinery will be essential for success. The most hopeful signs for the future are the annual increase in the trade returns, and also the success of co-operation between the British and Chinese, as shown in the Kailan Mining Administration, in the industries of Hong-Kong and the Straits Settlements, and in the construction of some of the most successful railways of the country. The very great increase in the number of Chinese who travel abroad and of those who seek "Western learning" encourages the belief that, during the next thirty years, the foreign trade of China will increase by leaps and bounds. Not the least satisfactory aspect of the matter is the goodwill which exists between British and Chinese traders in the Far East.

CHAPTER V

TRADING DIFFICULTIES

The Chop.—There is an ancient saying in China that when one is passing through a melon-patch it is not the time to lace one's shoes. There are many other similar sage saws; all of them reveal a distrust in human nature that is peculiarly jarring to the newcomer in the Far East. And yet, as if to emphasise the fact that China is a land of contradictions, a great deal of business is done solely by word of mouth. A Chinese merchant will prove, time after time, that his word is his bond. Europeans in the Treaty Ports of China trust the Chinese and each other in business much more than is common in London or the provincial cities. "Puttee book," says the broker, when you verbally give him an order; he makes a note of it in your presence in his pocket-book, and there it is down on the tablets which no man of his acquaintance may repudiate. And yet, when all is said and done, there is still very little credit in China in the sense that the word is interpreted in trade in Great Britain. The commercial machine of China is often clogged by mutual suspicion, and it creaks along in the manner of centuries ago. Every piece of silver that passes through a person's hands in the country is "chopped" by those who have handled it. Bank-notes, issued by the leading foreign banks, are marked to show whose hands they have passed through, so that suspicious Chinese may trace them. The "chop" is the sign of the firm or the man who has used the silver or the note, and it is a guarantee that the currency is genuine.

"We sell all our goods on the strength of our 'chop' "

in this part of the world," said a South China British merchant to me the other day, and it is difficult to estimate the actual value of the "chop" of some of the old-established firms. The only thing comparable to it in Britain is the blind faith of the public in the label of a patent medicine. There are stories about the Japanese efforts to imitate "chops" in China, and it cannot be denied that a great deal of the unpopularity of that nation in the Far East is due to those stories. It is useless to ignore the fact that, in trade circles in the Treaty Ports, the Japanese are not popular. The Germans, again, were unpopular in British circles in the Far East long before the war because they used trade methods which were not considered fair. In the long run that sort of thing does not pay, and newcomers in the field should understand that fact.

Detriment to Trade.—Somebody once wrote that "credit is the foster-mother of trade," and that has been shown to be true time after time. Trade still is barter—the actual exchange of commodities is not so apparent to-day in Europe or America as it was even one hundred years ago. Yet in China the farmer expects cash down for his goods; the small inland trader who buys them in turn demands cash down from the Chinese merchant of the Treaty Port, and the foreigner must produce a cheque to obtain the goods. An old student of the University of Hong-Kong who is now at work in mid-China wrote a few days ago: "The Japanese are borrowing money for a month at the rate of 25 and even 30 per cent. to make purchases." They had to obtain the cash because their credit was not enough for the suspicious Chinese.

The difficulties in the way of extended credit are due to lack of law and order and scarcity of communications. The defaulting debtor cannot be traced; moreover, local officials, too, often find hard cash (otherwise bribery) more attractive than the punishment of the culprit. And yet this great and commercial people produce men who, on the death of a brother, will carry out his verbal promises even if to their own detriment. They wink

at, nay, even expect bribery and corruption in many departments of life; and yet there are many instances of the sort of integrity that made Sir Walter Scott famous. They will carry out the promise of a relative as if it were their own obligation. Let me give an example. A wealthy Chinese merchant from the Dutch East Indies visited the University of Hong-Kong some five or six years ago. He had subscribed liberally to the original endowment fund, and when he saw the centre of Western learning in being he was so delighted that he at once offered to prove that his sympathy was practical. He therefore offered 12,000 dollars a year for a period of five years. It was just a modest remark in conversation with no formal announcements. Unfortunately, he died not long afterwards. But when his relatives knew of the promise they forwarded the annual contribution, although, as far as the writer is aware, they never promised to do so. They were under no legal obligation in the matter.

Yet it would be wrong to give the British manufacturer the idea that there is no such thing as a dishonest Chinese, because it is a fact that the contact with Europeans in the Treaty Ports has not been altogether to the advantage of commercial morality in China. There are examples of absconding *compradores*—one of the largest European banks provided an example a few years ago. But usually the Chinese are very sensitive about the reputation which they possess in commercial circles and so are their relatives.

Use a "Chop."—Any firm which exports goods for consumption among the Chinese should use a "chop." All of the big firms, who have had years of experience, have Chinese names—"Ewo," "Taikoo," and so on. They are the native names of big European firms, who are called by British names like Brown or Robinson in other parts of the world; but out here the Europeans always call them "Taikoo" or "Ewo," so common are the names which were adopted from the Chinese language. It will therefore be realised that it is a tremendous advantage for new types of goods to be, as it were,

introduced into the Chinese market—shall we say chaperoned?—by means of a well-known “chop.” Indeed, it is the “chop” which makes the goodwill of the old-established houses so famous in the Far East.

It is, above all else, essential that British goods should maintain the good reputation which they possess; but it must also be remembered that the Chinese look very carefully at every dollar. They do not worry about depreciation, and they are not willing to pay for finish or what they call “look see.” They are really a very conservative nation; in many ways they give up ideas slowly. When once they are used to a “chop” they have such a faith in it that it becomes a sign of great intrinsic value.

The Language Difficulty.—China is a country of many dialects, but of one written language. Her children are as different in appearance and live as far apart as some of the European nations, but they write the same characters and they read the same classics. Many of the educated Chinese speak the English language fluently. In the Treaty Ports the language of those who have not been educated by Europeans is that peculiar type of speech known as “pidgin English.” The words are not all in the English language; they have been adopted from other tongues. The sentences are literal translations of the Chinese words which express the same thought. The European quickly picks up “pidgin English,” because it is the only means of communication with his servants. It is a curious jargon—a sort of a half-way house between the language of China and Britain. Self-made Chinese merchants in the Treaty Ports and Hong-Kong speak it; but they send their sons to English-speaking schools and universities. It is not uncommon for two or three Chinese from different districts to converse with each other in “pidgin English” for, although they can communicate by writing, they cannot understand the different dialects. A large number of Chinese are now educated in Japan, and many of the merchants and officials speak Japanese. The written characters of the two languages are similar. There can

be no doubt that it is much easier for the Chinese to learn Japanese than English. In spite of that, the second language in China is, and will remain English. There are good reasons for this. The "outer barbarians" introduced it, and although a few words of Portuguese, French, and other languages are to be found in "pidgin English," the language of communication between East and West for a century has been that bastard tongue; for it was typical of the early British trader that he expected the Chinese to speak his language. It certainly seems to be much easier for Chinese to master English, than for a European to speak Chinese. There have been, of course, some good Chinese scholars among the Westerners in China, but not many. In the consular service and in the Hong-Kong cadet service it is compulsory for the British to speak and write Chinese, which is, however, a very difficult language. A second generation of Europeans is now to be found in China—sons and daughters of the old "China Hands" and the missionaries who came out East many years ago. These people learnt the native language in their childhood. While it is generally admitted that a knowledge of Chinese is a most valuable asset for any European in business in the Far East, the fact remains that the Chinese are learning the English language at a much faster rate than are the British learning Chinese. In Hong-Kong and Shanghai there are thousands of the native children attending the schools, where English up to matriculation standard is taught. There are also some thousands of Young Chinese in Europe, America, and China who are studying medicine, engineering, economics, law, and science at the universities. There is every reason to believe the English language will retain its position as the second language for trade in China.

Learning Chinese.—During the past few years a great deal has been written and talked about the neglect of the Chinese language by British traders in the Far East. Mr. Ainscough, who had mastered the difficulties of the language, made a great point of this defect of our countrymen in his general survey of the situation in China.

Some of the engineering firms of Great Britain are now issuing advertisements in Chinese. They are also compiling catalogues in the same language. The British Chambers of Commerce in China welcomed in a most enthusiastic manner the suggestion that schools should be established in Hong-Kong and other ports so that Europeans could study the language. Mr. H. G. Wells, with that facility for looking ahead for which he is notorious, has even gone so far as to suggest that the public schools of Britain should substitute Oriental languages for Latin and Greek in their curriculum. Out of all of this agitation will come some definite scheme. There are particular reasons why those of us who live in China should attempt to make up our minds as to the best method of carrying out the general idea, so spontaneously supported locally and in Shanghai. The facilities which at present exist for teaching Chinese seem to be rather haphazard. The usual thing seems to be to employ a native teacher. There are two distinct problems which must be solved. First of all, that of teaching Europeans the Chinese language. Next, that of issuing certificates which will be recognised both in Britain and China.

In the past efforts have been made in England to teach the Chinese language. For some years the writer was on the staff of King's College, London, and in that institution there was a Professor of Chinese. It is not altogether without interest to note that, even in those days of a decade ago, there were several Chinese students at the college learning English and Western Science, while the average number of English students studying Chinese seemed to fluctuate from a maximum of three to a minimum of zero. Other centres of higher education in England tackled the matter, but how they succeeded or failed is difficult to ascertain.

Perhaps the new school of Oriental languages in London will provide a really virile system of teaching the Chinese language in England. It is difficult enough to teach young seventeen the elements of engineering work, but it must be much more difficult to teach him Chinese.

And yet it seems that something must be done "at the London end." As a parent who wishes to equip his sons to the best advantage for the struggle for existence, it is my desire that they will be able to study Chinese while at a university "at home." There are so many disadvantages if they come out to China at the age of seventeen in order to learn the language that it is impossible to consider them studying Chinese in Hong-Kong or Canten until they are men. And yet it seems a pity that they must wait until they are twenty-one before they tackle the subject. Therefore it seems wise for those who are interested in this matter to impress upon the proper authorities in England the necessity of establishing some really inspiring and attractive school for the study of Chinese at home—not a school which will form a resting-house for pensioned civil servants, but one with properly trained and energetic teachers.

There are now schools in Hong-Kong, Shanghai, Tientsin, etc. These are staffed with good men and well managed. There appears to be no reason why they should not be, in some way, affiliated with the Hong-Kong University. There is, of course, the question of expense, but it is almost certain that arrangements could be made so that no financial burden would fall upon the funds of the university.

The most important matter is that of examinations. If a student wishes to convince other people that he has studied to advantage, he usually produces some sort of certificate with the stamp of a recognised authority. In England the universities and the Board of Education issue such certificates. When an Englishman in China wishes to convince his employers that he knows Chinese he sits for certain examinations. The Hong-Kong Government encourages their servants to study the language. Certain increases of pay take place automatically if certain examinations are passed. There is also a system in the Customs service. It is not quite clear how business men qualify. Perhaps the missionary bodies also test the progress of their workers.

The time has come when it is necessary to co-ordinate

all of these efforts and have some recognised standard of examinations. Everyone seems to be agreed that, if Britain is to obtain her share of the trade in China, the study of Chinese must be encouraged. Naturally enough, the writer would like to see the University of Hong-Kong identified with the work in some way. There are, of course, a large number of difficulties, but they will disappear as such a scheme is developed.

CHAPTER VI

THE GREAT OPPORTUNITY

WHEN stated, the two great problems of the future for the British in China seem to be so easy of solution that, at first sight, it appears superfluous to discuss them. Yet the practical difficulties which a study of these problems reveal are great. The manner in which an answer to them is provided during the next few years may affect the development of the human race.

The two problems are these: How is law and order and good government to be maintained in China? How are the natural resources of China to be developed for the use and convenience of mankind?

The best thing that could happen to China is one that unfortunately is not practicable; for what China needs is that the officials of the Indian Civil Service should organise the government and public works in China as they have done so successfully in India. The Chinese have racial virtues, but they do not seem to be able to administrate. And administration is what China needs more than anything else for the development of her trade. Evidence of the success of the British in organising a large service in China is provided by the case of the Maritime Customs service. That very remarkable service was largely the work of Sir Robert Hart, but, of course, other Britons assisted him and maintained the traditions which he established. It is impossible to give anything but a rough sketch of this unique organisation, but it may be explained that in connection with it Sir Robert Hart not only established on a firm foundation the Revenue Department, but the Marine Depart-

ment, the Educational Department, and the Postal Department.

The Revenue Department consists of the indoor staff (the executive and clerical branch), the outdoor staff (the inspecting and preventive branch), and the coast staff (preventive cruiser branch).

The Marine Department is responsible for all of the lighthouses on the China coast. They construct and maintain them. They make navigation along the treacherous coast of China much less dangerous than it used to be.

The Educational Department founded colleges at Peking and Canton. The Postal Department was instituted in 1896. Although the Maritime Customs is an international organisation, there have always been about five times more Britishers in its service than men of any other nationality. The Inspector-General has always been British. The value of this service to China, and to the traders of other nations, cannot be over-estimated. No sensible person complains about hindrances to the maritime trade. The great problem is to stimulate and produce trade with the interior. The difficulties of moving goods inland, in places where the Maritime Customs Service has no authority, is very great. For it is the custom of Oriental officials to demand "likin," "squeeze," or to take toll. There are also the brigands. Any service, similar in system to the Maritime Customs, which would reduce the trade barriers of the interior would be of priceless benefit. It has been said by a Chinese sage that "the people will begin to observe ethical principles when their barns are full." The state of the interior of China will improve as trade raises the standard of daily life. Electric light is an enemy of thieves. Newspapers are like a searchlight upon the daily lives of officials.

An energetic American, after some years of residence in the Far East, said, "what China needs is publicity." It is really astonishing how difficult it is to obtain reliable information about the country. The returns of the Maritime Customs are excellent. There is no doubt about

the mineral wealth of the various provinces. If anything, it has been under-estimated. People who travel, or who live in the interior of China, have no doubt as to the change in the mental attitude of the people. But in industrial development China is about one hundred and fifty years behind Great Britain. The more that the British know about China the more will they realise the great possibilities for trade in that country. The more that the Chinese know of British goods the more do they demand them. In China the unit is the family, or, at the most, the town. In Europe the unit is the country.

In China primitive tools and methods of production are still common, but the Chinese themselves are criticising ideas which have been discarded by other nations. Publicity will enable the Chinese to know of modern methods; and they do and will adopt them as soon as they realise that money is to be made more quickly by machinery than by man-power. But the old methods still survive. Tea leaves are still picked by hand, dried, sorted, and flavoured in crude vessels; packed up, for sale and transportation, in rough baskets. In the timber industry logs are hauled by human labour and saw-mills are almost unknown. Threshing and milling is done by muscular energy. The ox and the man are the most common prime movers in China, where millions of horse-power run to waste as water through mountain gorges or life in the earth unused, as coal and oil.

This leads us to a consideration of the other great problem before China and the rest of the world. It is the development of the mineral wealth and the natural resources of the country. This world-wide war has demonstrated that no nation, in this age of rapid communication, can live unto itself. It cannot remain isolated. There is the question as to whether it has the right to hoard mineral wealth which would be of great service to the rest of the world. Just as the speed of a squadron is the speed of the slowest ship, so is the progress of humanity affected by nations who are inert; and the Chinese could contribute so much, both materially and intellectually, for the rest of mankind.

As a matter of fact the Chinese of this era do not wish to hoard their minerals simply for the sake of hoarding. They are anxious to obtain wealth. There are difficulties in the present situation which must be overcome. First of all the Chinese mining laws must be reformed. To demonstrate the present position the following true story is told, Dr. Loke Yew, C.M.G., LL.D., multi-millionaire of the Straits Settlements, was born near Canton, and, when a young man, he emigrated as a coolie to the Straits. Having acquired a fortune under the British flag, he became a naturalised British subject. But in his old age he returned to the land of his fathers, and he was astonished at the poverty and general social conditions of his native village. He was not only a successful man, he was benevolent and practical. He employed Europeans to carry out his ideas. His private secretary was a Briton who had left the Civil Service at the request of this wealthy Chinese merchant. Mr. Loke Yew knew of the mineral wealth in South China, and he said that he would use some of his vast fortune to initiate mining schemes. But as he developed his ideas, he found himself enveloped in a web of intrigue, corruption, and other things which he had never experienced in the Straits Settlements, where he had developed tin mines under the British flag. He soon realised the difference between the conditions of the Straits and China. So he sadly gave up all ambitions for his own country, and advised his own people to go south to Singapore or to settle in Hong-Kong.

The two most important minerals in the world are coal and iron. At present the annual output of coal in China is about 20,000,000 tons annually, and about one-half of this is anthracite. But eight provinces of China proper, and three in Manchuria, are amply supplied with coal. The anthracite resources of each of the two provinces of Szechuen and Shensi are said to be as great as those of Pennsylvania.

Experience has demonstrated that no really large industrial concern under purely Chinese management can succeed. The one instance of successful native co-

operation often cited is the China Merchants Steam Navigation Company. That has succeeded because of the remarkable prices which freights obtain. Shareholders would have had much greater dividends if the affairs of the company had been managed by a joint board of Chinese and British directors. The Chinese Directors cannot stop financial leakage, but the British can. On the other hand, the Chinese directors can do things of benefit for an industrial concern that the British cannot do. No foreigner can exert the influence among the ruling classes like the relative of a highly-placed official in Peking.

It would be an impertinence for the writer, who has only been in the Far East for seven years, to attempt to explain to successful merchants in China how they can improve their business. The very fact that all of the commercial people seem to reach the state of a "comfortable" income shows that they can manage their own affairs very well. Sometimes people who have no financial interests at stake will record observations which other men see, but about which they remain silent in their own interest. Newcomers into this vast field of business enterprise might be well advised to attempt a closer co-operation with the Chinese. If a mining project were brought before the writer he would remember the composition of the Board of the Kailan Mining Administration. The British experts, or capitalists, who wish to develop the natural resources of China will be successful only if they obtain the goodwill of the Chinese. The Germans obtained that in a marked degree. The British are, perhaps, a little too reserved in their dealings with this very remarkable race. For the Chinese are most sensitive. "Loss of face" is a very real thing to them. The Chinese merchant and official appreciates the courtesy of those with whom he does business. To be treated on terms of equality is what he asks. To make him a member of a board of directors is an honour which ensures his goodwill.

No one who has studied the subject can doubt that in

the very near future an industrial revolution will take place in China. "The Yellow Peril" bogey of the German Emperor may be dismissed as the hare-brained idea of a man who has given other proof of mental derangement. The Chinese are a peace-loving people. They have a keen appreciation of the material things of life, and they are clever traders. Goodwill means a great deal, and they quickly come to a conclusion as to whether a man is well- or ill-disposed to them. They themselves must take a prominent part in the industrial development of their own country. But they will be dependent upon other people for some of the capital, most of the expert knowledge, and nearly all of the machinery needed to make use of their minerals. The British have long traditions of trade with the Chinese. They will be able to supply capital, knowledge, and machinery.

It is significant that Japan has demanded what is really a monopoly of the iron ore in China. It is not intended to discuss politics, but the legations in Peking have always before them the international problems arising out of China's potential wealth. Japan has realised that, in history, iron ore has been the foundation of world-power. The Germans wish to retain the iron ore of Europe for their exclusive use. Iron ore is the basis of modern industry. There is enough iron ore in China, for all of the nations with commercial interests in that country to have a share. There are also many other minerals. Two Chinese friends recently brought in samples of wolfram to show to the writer. The ore is brought down by the ton, from the interior of China to Hong-Kong, and it is then shipped off to Japan.

Great Britain, India, Canada, Australia, Straits Settlements, and the British Borneo, are all parts of Empire deeply interested in the industrial development of China. All that is needed is organisation and co-operation. If preparations are made now, technical experts consulted, and the problem studied carefully, we shall be ready to assist the Chinese to develop China. Then there will be plenty of cargo for the ships flying

the red ensign, plenty of work for the factories of the British Empire, and plenty of trade for the British in China.,

The only danger is that, as Great Britain is so many thousands of miles away, the leaders of public opinion may under-estimate the importance of the interests which are at stake. It is in the hope of drawing attention to the matter that more publicity concerning Chinese affairs is urged.

CHAPTER VII

BRITISH CHAMBERS OF COMMERCE

SOME years ago a traveller wrote that if two Englishmen were wrecked upon a desert island the first thing that they would do would be to make a racecourse; that two Americans would at once form a trust; two Germans would found a university; and so on with other nationalities. It was an attempt to epitomise national characteristics. Looking back over recent events in China we may feel inclined to suggest that the two Englishmen would first of all form a chamber of commerce, while the two Germans would form a centre for political propaganda and intrigue. At any rate, one of the most important aspects of British trade in China now is that which is concerned with the British Chambers of Commerce in the Far East.

There is enough truth in the suggestion about the Briton and his racecourse to remind us that, at any rate in pre-war days, the Briton abroad continued his recreation with unabated zeal in all climates; yet it is only fair to record of the early traders in the Far East that they evidently thought of business first and pleasure afterwards... Thus, in the Crown Colony of Hong-Kong, we find that the Chamber of Commerce was formed in 1861, while the celebrated annual races commenced two or three years later. It is very probable that the same energetic members of the community were responsible for both institutions; for it is a noticeable fact that in the Far East the merchants for many years past have patronised the sport of kings and supported, with equal generosity, the local charities and the Jockey Club.

There is, indeed, something suggestive of magnificence in the way in which these "taipans," or heads of important firms, found time and money for the social amenities, public life, and charitable work. They were, as always happens when our countrymen have travelled, "militantly British," for they realise exactly the ideals for which the Empire stands. They did not handicap anyone who wanted to compete with them; and, time after time, the Briton whose food cost four shillings a day beat the native who could live on fourpence. Anyone from Europe, Asia, Africa or America might come and use their Crown Colony or Settlements as a spring-board from which to dive into the deep pools of Chinese trade; the British would welcome them, and say, with a smile, "Let the best man win." And thus, in the little Crown Colony of Hong-Kong, an island paid for by the lives of early British pioneers and defended against pirates and disease with the usual grit of the early Victorians, they rather encouraged the Germans, the Austrians, and others to come out to a place of safety in China. "Give them every chance," said these early merchants; "after all, we can always hold our own." But they overlooked in their spacious, generous way one great fact. They thought it impossible for their guests to do other than "play the game." And now that the German policy, in the Far East, as in Europe, has been stripped bare, they have been aroused and have persuaded themselves that their generosity was stupidity. That is one reason why there are now sixteen British Chambers of Commerce in China. Before the war there was a tendency for international Chambers of Commerce. It is expected that before long there will be a British chamber established in each of the forty-eight Treaty Ports.

It is impossible to discuss in detail the work of all of the British Chambers of Commerce in China, but the main objects of them all are the same. The two most important centres of trade are Hong-Kong and Shanghai. There has always been a friendly rivalry between these two great ports; it is very much like the rivalry between

the two cities of Manchester and Birmingham. The British resident in Hong-Kong recognises the immense value of the trade of the Yangtze valley, most of which is controlled from Shanghai; while the British merchant in Shanghai realises that a Crown Colony in the Empire possesses certain advantages, such as security, and because the head offices of the larger companies are in Hong-Kong. For the merchant there are also disadvantages as compared with an international settlement. For, although Shanghai and the Treaty Ports have, or will have, British Chambers of Commerce, yet they are all more or less governed on the international basis, by a municipal committee, or council of representatives of various nations. The local body has also certain powers of government over each community.

In Hong-Kong there are two local Chambers of Commerce—the Hong-Kong General Chamber and the Chinese Chamber. The former is not exclusively British, but is open to Europeans other than enemy subjects. But the great majority of its members are British citizens and firms, and the committee must be British.

The main object of a British Chamber of Commerce in China is to look after the trading interests of its members. In all of the books written by Britons about China—they are invariably written, by non-traders, as the business men are too busy to write books—the Chambers of Commerce of Shanghai, Hong-Kong, etc., are represented as the advocates of reforms in China. The Chinese officials, until quite recently, seem to have opposed, consistently, anything likely to promote or develop trade with their own country. In most cases the British Government, on being appealed to by their nationals in China, attempted to adopt the rôle of the "honest broker," and frequently succeeded in irritating both groups of appellants. The British traders became indignant at the attitude of their own officials. The British mercantile community, which had experience of trade in China, seemed to acquire a rooted distrust of British diplomatic methods and a fixed suspicion of the Chinese officials. Nor can it be doubted that the man-

darins of the early days often and often "scored" at the expense of the British traders by playing off British officials against them.

The British originally came out to the Far East for the purposes of trade, and that is why most of them in the Far East are there now. Indeed, the only resident Britons are the traders, the missionaries, and the Government servants, civil and military. The traders were the pioneers, and they have now millions of pounds worth of British capital involved in the China trade. It is impossible to go into the details of the many difficulties placed in the way of British trade in China in the past; the words of the Hong-Kong Chamber of Commerce of 1869 may be quoted to show how exasperated the merchants were made at times. For it is recorded that, in their opinion, the need of the moment was "not diplomacy, but a determined and energetic policy." In the past, as sometimes in the present, British Government officials were not very tactful in their dealings with the British commercial community in China. As example of what is done to-day the chairman of the Shanghai Chamber of Commerce may be quoted. Addressing the members at the annual meeting in April, 1918, Mr. Johnstone said:

"Results of our efforts are not always immediately apparent, and time alone will show whether our treatment of the various problems dealt with has been right or wrong. Come what may, I can safely say that the views expressed by the Board of Trade and Foreign Office in their Memorandum dated October, 1916, and published in 1917, to the effect that 'British Chambers of Commerce abroad were not to be relied upon for their opinions, as each individual member of the committee was playing for his own hand' is, so far as we are interested, and, I venture to say, so far also as the great majority of other British chambers abroad are concerned, little more than a gratuitous insult. Such a statement should never have been published; it could not be substantiated, and reflects on the authorities at home, on whom we have got to rely for support—a want of

knowledge of the true state of affairs governing our businesses abroad, which in the past we could merely guess at, but which now a statement of this nature amply confirms."

The Shanghai British chamber has, during the past few months, inaugurated and successfully carried out a policy of meeting other traders socially. Thus, a most interesting series of speeches were made at dinner at which the British entertained the members of the Chinese Chamber of Commerce. Incidentally it should be mentioned that the Chinese men of commerce are much more powerful in China under the Republican régime than in the days of the Manchu dynasty. Nor can it be doubted that their influence over their country will grow rapidly. The British and Chinese traders have always fraternised well; the difficulties and troubles of the old days were with the Chinese officials. It is, however, a good sign of the times that this fraternisation is encouraged by the British Chamber of Commerce. There have also been social courtesies between the American and British commercial men. After all, they speak a common tongue, they have common ideals, and while they are inevitably commercial rivals they know that neither nation will introduce contemptible methods into their trade rivalry. It is the firm conviction of the writer that the Allies, including the Chinese, should 'get together' more in that Far East and work for the common object of all traders—the opening up of China's vast market and the development of her wonderful natural resources.

Since the war the British Chambers of Commerce in China have done a great deal to encourage the study of the Chinese language. The headmaster of the British school at Weiheiwei recently wrote to the writer stating that the Shanghai Chamber of Commerce were meeting the expense of tuition in the Chinese language for any or all of the fifty British boys at his school. In this and other centres the British Chamber of Commerce has organised a Chinese language school and awards certificates. It should be explained that British trade

interests in China suffer very much indeed from a multiplication of Government departments. In the old days complaints were directed chiefly against the British consular service, but merchants now are ready to agree that a change in attitude on the part of these officials has been a noticeable feature of the commerce in China during the last few years. Indeed they speak very highly of certain consuls, who are very much alive to British trade interests. The merchants recognise that these men have had a great deal of experience with Chinese officials, thoroughly understand the language, and have usually travelled a great deal over China. The consular service comes directly under the British Foreign Office through the British Minister at Peking.

In Hong-Kong the officials are responsible to the Colonial Office, and since Hong-Kong is the headquarters in China of the most important British firms, this arrangement is, from their point of view, unfortunate. The merchants also suggest that although the officials in Hong-Kong are men of high character, they take very little interest in the China trade. It would seem an advantage if there were some interchange between the consular service and the cadet service in Hong-Kong. In quite a small way that has been carried out at Wei-heiwei, as magistrates for that territory have been seconded for a period of years from the British consular service.

There has, of course, always been the Board of Trade, and now there is the Overseas Department of that ministry. Thus, the British merchant in China has to deal with three separate Government departments—viz., the Foreign Office, the Colonial Office, and the Board of Trade. It may be that some one Government department will one day deal with British trade in China, and there is a feeling out here that the Foreign Office is the right department. It is, of course, not to be expected that the Colonial Office would give up, easily, the general supervision of Hong-Kong, or agree that it should have any status other than that of a Crown Colony. And yet Hong-Kong is in such a unique

position and is so remarkable in many ways that, after all, old custom and shibboleths ought not to be considered too seriously.

After all, the British are in Hong-Kong for trade purposes. A wise old Chinese gentleman once remarked, "China ceded to Great Britain a granite rock and has received in return a mountain of gold." Hong-Kong is the ocean port of the south; the value to China of such a port, the hub of British trade interests, is difficult to estimate. And yet Hong-Kong trade is intimately connected with the trade of the other parts of China.

For that reason the merchants of the colony want to have bonded warehouses in the colony to receive goods from other parts of China. It is difficult to understand why that cannot be arranged. No doubt the merchants will continue to press for a reform which they say will assist trade.

The Future.—It would be unfair not to mention the efforts made by eminent members of the Hong-Kong General Chamber of Commerce to obtain some form of democratic government in the Colony; on the other hand, it might be tedious to discuss at length local politics.

The really interesting thing to discuss is the future development of these various Chambers of Commerce in China. Upon their influence and expansion depends the future of British trade in the Far East. They have succeeded in obtaining additional commercial attachés both for Shanghai and South China.

In Shanghai the British Chamber of Commerce issues a monthly journal which is circulated throughout China. It deserves every support possible. The Shanghai chamber has also held social meetings with the local Chinese Chamber of Commerce. But more is needed. Far Eastern business men will press for a complete reform of the consular service. They will advocate imperial trade interests. At present they are rather lacking in cohesion. Some sort of mechanism is needed so that there can be a general interchange of ideas and co-operation between all British interests in the Far East. It is, perhaps, an impertinence for an onlooker to make

suggestions, and yet onlookers sometimes see most. However, it is merely the opinion of one who wishes for the expansion of British trade in China and the development of China's vast natural resources. Therefore the suggestions are made (1) of an annual conference in Shanghai of representatives of all of the British Chambers of Commerce; and also (2) of the development of the monthly journal, or periodical, into something more expensive to produce, but more informative and, if the word will be allowed, more "journalistic." Such a periodical should reach every member of every British Chamber of Commerce in China, or, if that is not feasible, some other form of mechanism must be produced so that British traders in China may receive stimulus in their efforts to foster trade for the Empire in that part of the world.* We do expect a remarkable development of the natural resources of China. We picture to ourselves great quantities of machinery, railway material, etc., coming from Great Britain; and raw materials from China flowing by the same channel back to the old country. That is what the British in China hope and expect. In the struggle now ended the traders in the Far East depleted their staffs, sent away on war service their ships, and subscribed generously to war loans and charities. They, in common with their fellow-countrymen, did anything that was possible to help to save civilisation. For in no part of the world will you find the Briton more patriotic than upon the coast and in the Treaty Ports of China, from whom are drawn those more experienced and representative members who serve on the committees of the British Chambers of Commerce.

* These suggestions have recently been adopted.

CHAPTER VIII

THE BANKS AND EXCHANGE

THERE recently appeared in a New York financial journal the following statement made by Mr. Crin de Motte Walker, late manager of the International Banking Corporation in Peking. He wrote: "It is strange but true that none of the foreign banks in China has ever seriously undertaken to cultivate the Chinese or their business." He proceeded to deplore the fact that very few American bankers speak Chinese, and he was quite definite in his opinion that the "two most essential elements in developing business in China" is to get into personal touch "with Chinese customs and secure their confidence and co-operation." It may be true that the foreign banks do not cultivate the Chinese; it is, however, a fact that the Chinese have a faith in some of the foreign banks.

As an Englishman in China, two facts give me great pleasure whenever I am reminded of them. One is that the premier bank in the Far East, the Hong-Kong and Shanghai Banking Corporation, is of British origin. The other is that the largest marine insurance company in the world is directed and governed by a board consisting of British residents of this colony.

"The Bank" is not only the premier British bank in the Far East; it is the premier bank of all banks in this part of the world. It decides daily the most important thing in the commerce of the Far East. It states the rate of exchange, and it is not too much to say that all other banks follow its lead. This matter of

the rate of exchange is not, of course, as some ignorant, people fondly imagine, a matter of whim and fancy.

The picture which springs to my mind as I pass the head office of "the Bank" in Hong-Kong is that of the room wherein is seated its chief manager. His chief concern is the rate of exchange. How many dollars will he sell for, or buy with, £100 in London or 1,000 yen in Tokyo, or 10,000 gold dollars in New York, or the pesos in Manila, or the guilders in Batavia? The answers to those questions are *the* important thing in the trade of the Far East. This exchange business reminds me of steam. The chief manager of "the Bank" is the man with his hand on the throttle valve; he regulates exchange as the driver of a steam-engine opens or closes the valve, admitting steam to the engine. The huge machinery of Far Eastern commerce goes on with its varying speed; it must not slow up altogether, and it must not suddenly increase its rapidity of motion, or the cranks and the levers would be so strained that a crash would be inevitable.

The Chinese must acknowledge that they love to gamble, and the speculators and the gamblers would soon wreck the whole of the beautifully balanced mechanism if the man on the stop-valve lost his nerve. I stood within the entrance of "the Bank" on a day when empires were crashing in the West and no man knew what would happen to exchange. A Hong-Kong dollar had recently been worth 3s. 7½d.; but then it had only been worth about half of that amount soon after the declaration of war. There was a crowd of Chinese customers waiting within the entrance of "the Bank," and they were not thinking about the crashing empires, the liberated peoples, or President Wilson and the League of Nations. They were thinking of something that might mean ruin or riches to them—the price of the dollar. "The Bank" was, just for a moment, taking breath. Someone, it was rumoured, had been buying gold in big quantities. "He won't sell," said rumour; and everyone knew that "He" was the chief manager just the other side of the building, who had his hand on the

throttle. Would he shut down the huge machine because he feared a sudden rise in the steam pressure? Was the flywheel big enough to provide the necessary momentum to keep the engine moving if he did almost shut down? The crowd of Oriental faces were not concerned with the Kaiser, Mr. Lloyd George, or Marshal Foch; it was that chief manager's well-known features that made a picture in their mind. There were, of course, jerks; but in a few days the engine was running again at its normal speed, and the cranks and the levers were unstrained. And, in February, 1919, the annual general meeting of "the Bank" was held; the chief manager merely read the notice convening the meeting, and the chairman heartily congratulated the shareholders upon the splendid year which "the Bank" had completed. But there must have been some cool heads in charge of that great machine during the past twelve months.

Of course, there are other banks in the Far East. But in this matter of exchange they are dragged into synchronism by the premier institution in Hong-Kong. This is no attempt to deprecate their power or their enterprise. As financial institutions, some of them may be vastly superior in many ways to the one that regulates the rate of exchange. They may be willing to lend the merchant money on better terms; they may be ready to pay a higher rate of interest on deposits. They may have much more efficient mechanism for cashing cheques or for detecting frauds. They undoubtedly are most important factors in the business of the Far East. Only the manager of each of them has always one eye on his own concern and with the other he watches the movements of "the Bank." And the one great axiom of that very stable institution is this: "We will prevent, as far as lies in our power, violent fluctuations in exchange." For, of course, the price of silver and trade balances must ultimately affect the matter, and "the Bank" does not control those.

It would be difficult to give details of how the British banks have assisted trade in China. But it is noticeable

that, in working up their enthusiasm for trade in the Far East, our American friends are doing all that they know how to establish banking facilities. Said Mr. Walker, quoted above, when he outlined the work of the American bank that he longs for, it must be "prepared to finance American trade." Further, it must "give American business fair credit reports and not discriminate against it." Again, he hopes that his ideal bank will compete with the other banks, and make loans upon the same terms and collateral. Nor did Mr. Walker hesitate to say that it must be "American in spirit and, above all, American in personnel and policy." There is plenty of room for friendly trade rivalry in the Far East; but it will take much work to gather up the reputation of old-established institutions.

The Reason for Success.—Why have the British banks in China succeeded? It is of interest to mention some of the causes.

First of all, the British had had their unique experience in India. In this matter of banking the only nations that count just at present in the Far East are the British, the French, the Americans, and the Japanese. The Germans have been excluded from China. The Russians do not count. The Belgians may reappear, but they have suffered so terribly in their own country that they may be too occupied to think much about China, although if they come they will be welcomed by their allies. But none of these other nations have had the experience of the East that has fallen to the lot of the British. The Parsees who have settled in Hong-Kong and Shanghai are British subjects, and they understand the ways of Asia. The shuttles of commerce fly to and fro between India and China, and they carry threads in the shape of drafts, bills, and other documents of the banker. The men who had to do with the beginnings of the premier bank in China, who nursed it through its infancy, had learnt something about the business in India.

The second factor is the shipping. It is said that "trade follows the flag," but trade goes *with* the flag of the British mercantile marine.

Then there is the third reason, and it is the national character, which comes out in the struggle for trade, as in war. It is seventy years ago since Emerson analysed our own nation, and he saw our faults as well as our strength. But this quotation explains something: "What are the elements of that power which the English hold over other nations?" And then he answers it in a line: "The shopkeeping nation, to use a shop word, has a *good stand*." That is just the secret of British success in China. We have a good stand. With a base on the transformed island of Hong-Kong, the British have spread away along the coast and up the rivers. But there is an atmosphere of commercial security in Hong-Kong that is found nowhere else in China. The directors of some of the largest trading concerns in the Far East live in Hong-Kong, and, with their long experience of the Chinese and the peculiar trade conditions of this part of the world, they keep in motion most of the machinery of British commerce in China.

The Chinese Banks.—The native banking system of China is very intricate. Marco Polo relates that bank bills were in use since ancient times. Yet the bills of the native banks have but a limited circulation. It is rather pleasurable to notice that the bank-notes of the British banks in the Far East are more popular than those of any other.

When the Manchus were turned out of office, six or seven years ago, some of the "Young China" party in power devised a very simple method of acquiring wealth. They printed as many notes as possible and called in all of the silver, the latter being deposited to their credit, chiefly in Hong-Kong. Thus, in time, the notes of the Canton Government became worth less than 30 per cent. of their face value. There is nothing in China like a British Bank of England five-pound note, which is always worth its face value in any part of Britain. Bank-notes issued by a British bank in the Colony of Hong-Kong have been, at different times during the past six or seven years, both at about 10 per cent. discount and a 15 per cent. premium in Shanghai at the branch

office of the same bank. . It is as if the merchant in London might expect discounts or premium on his money when paid in Birmingham or Manchester.

The feeling of suspicion which clogs the commercial machine of China can be broken down, and the curious thing is that the British seem to be the people whom the Chinese trust most. Thus it has come about that the Chinese depositors are gradually using British banks in the Far East, and in the course of time they will use them more and more. In consequence these British banks flourish, as they deserve to flourish. They have earned the "goodwill" of their Chinese customers. But efforts should be made by all of us to persuade the Chinese to use these modern banks and banking methods more and more. It is remarkable that, in a country where natives pay each other 12 per cent. as a common rate of interest for a loan that is on good security, large sums of money are kept on business premises, and, strange as it may seem, the trifling cost of a cheque seems a waste to the wealthy Chinese merchant. Two things operate against deposits in foreign banks. One is the desire for economy; the other is suspicion—not only suspicion of the bank, but suspicion of the cheque itself. But, especially since the revolution in 1911, the wealthy Chinese from the South China districts have been flocking into Hong-Kong for security, and gradually they are learning the advantages of banking in the European style.

Although the native banks do not, perhaps, much interest the European reader of this book, yet it may be worth recording that the only authority which has, or had, any control over them was the Banker's Guild. The trade guilds of China are not unlike the old City Guilds of London, but the Government of the Celestials never seems to have any control over them. The native banks are usually one-man concerns. A very old resident in the Far East, and a close student of things Chinese, Sir Francis Henry May, recently remarked that he had never known two Chinese to trust one another. It is extraordinary that the Chinese will

gladly invest their money in British limited liability concerns, which are quoted on the Shanghai, Hong-Kong, or other coast share markets, but they are not attracted by any investments offered by their own countrymen.

There are, however, in China banks which are Government establishments. The most important is the Bank of China, which receives of the Customs revenues, the salt taxes, and the loans from foreign syndicates. The Government pays back the interest, etc., to the foreign Powers or banks through this institution. The provincial governments have also established banks, into which the provincial taxes, etc., are paid. In the past these banks have been, in some cases, prostituted by unscrupulous provincial officials. In the province of Kwángtung, adjacent to Hong-Kong, two or three of the recent native governors first issued great quantities of notes then carefully collected all of the silver available, and finally "retired" out of political China with their ill-gotten gains.

The New Graduates.—A few days ago there blossomed forth new notices on a prominent building in the most central part of Hong-Kong. The place had been an hotel under European management. It was now a Chinese bank, run more or less on British lines. The assistant-manager was a graduate of the British University of Hong-Kong. An engineering graduate of the same centre of learning was on the staff, to advise concerning industrial undertakings. When next we met we talked about this bank. He invited me to a reception, and some of the directors were old friends of mine, who spoke my language quite well. One of them had a photograph showing the late Lord Kitchener and himself in conversation; it was taken when my friend was not a bank director, but a high official under the Manchus. We talked over industrial and Chinese affairs, and, with the usual hospitality of the Chinese, they insisted that, as the Americans put it, we should "celebrate." They were all optimistic about the trade boom coming to China.

Coins and Currency.—The gold standard does not

count in China, and the value of the silver coins, relative to gold, and to each other and to the bank-notes, fluctuates from day to day. This is so much friction on the wheels of commerce; it irritates those Europeans who receive sterling salaries, but it seems to delight the Chinese. They have a saying, "How can a dollar pass through my hand without leaving something?" to which the European, with experience, will simply answer: "It never does." For, if in no other way, the dollar seems to leave something behind on the exchange. In all of the cities there are money-changers who change dollars into bank-notes, into small silver coins, and into copper "cash," of which about 1,000 are worth two shillings. The really annoying part about the currency trouble is that it differs all over China. From day to day the value of the coins fluctuate. To illustrate the ridiculous state of affairs which exists, the writer will mention a recent experience at the British possession of Weiheiwei. He went to the post office to purchase a four-cent stamp, and he could pay for it either four cents, five cents, or six cents. If he presented a bank-note, and purchased twenty-five four-cent stamps, a dollar met the cost. If he paid in small silver coins, the stamp cost five cents—*i.e.*, he obtained two four-cent stamps for a ten-cent piece. If he used copper cent coins, he was compelled to pay six of them for each four-cent stamp. What number of "cash" would have been needed he cannot even guess. It is supposed that ten cash form a cent, but the one thing certain is that the cost of a four-cent stamp in cash would be neither forty, fifty, nor sixty. That would be far too simple. If this confusion exists in a British post office, where you purchase stamps bearing the imprint of the King of Great Britain, Emperor of India and the Britains beyond the seas, what it is like in China proper must be left to the imagination of the reader. As we understand the term in Europe, "money" simply does not exist in China. There is supposed to exist a silver tael, or Chinese ounce, but unfortunately "there are seventy-seven distinct varieties of taels in

China, and Mr. Morse states that he has notes of 170 different currencies.* There is no coin called the tael; it is merely a Chinese ounce of silver which varies in weight and purity according to the custom of each particular district. Mr. Morse† relates that a merchant from one place will probably, but not certainly, use a scale on which the tael weighs 548·9 grains; a merchant from another place will buy and sell with a tael of 562·7 grains; and between these two extremes there are, in the one trading centre of Chunking, ten different weights of the tael, all of them current in that place. But worse confusion prevails, for the weight of the tael for salt varies again, as it does for cotton goods and raw cotton. Unfortunately, that does not end "the dire muddle, for there will be great arguments about the "fineness" of the silver in which payment is made. To sum up, it can be said that in the one town there are at least *sixty* currencies possible. And that is characteristic of the whole country.

Imagine a merchant in Manchester being compelled to define which out of sixty variations of value of the half-a-crown he means when he "sells cotton goods at half-a-crown a length. The buyer takes his goods to London, where there are so many and quite different values to the half-a-crown. But, from day to day, there is also a fluctuation in the relative values of any one of the different values of the half-a-crown in London and Manchester. It is really no wonder that there is a huge business in exchange. The native banks do the business in the interior—that is, most of the exchange business between Chinese merchants not in the Treaty Ports. Foreign banks and native banks operate in the Treaty Ports.

Just as China is different to other countries in that the Government has appointed several foreigners as officials and has granted concessions and rights to foreigners in the country, so it is unlike Europe in that most of its import and export trade is done through

* "Finance in China," by S. R. Wagel, (1914), p. 222.

† "Trade and Administration of China," by H. B. Morse, p. 145

foreign banks. The foreign banks not only lend money to the Government of the country, but also render financial aid to the native banks. They do a great business in exchange. For although all business in China is done on a silver basis, with its fluctuating exchange values, yet the business between China and Britain, and, indeed, the outside world, is done in gold. That is where the foreign bank again seems to have a chance to make money.

A personal experience will, perhaps, make it easy to understand how these foreign banks (several of them British) arrange the gold and silver exchange, and how necessary it is for even the ordinary person to know something about this matter. When the writer first came out to China from London he asked the Hong-Kong and Shanghai Bank in London to be good enough to send some of his money to their Hong-Kong office. He had a vague idea that every £100 deposited in the London office would be placed to his credit in Hong-Kong as £100. That simple faith, which the poet says is more than coronets, received a great shock a few months later, when he decided to send the money back to the London office of the bank. For he then learnt two very important lessons.. One was that the number of silver dollars to the sovereign varies from day to day. The other was that, when the bank sends money from London to Hong-Kong, or from Hong-Kong to London, it makes a charge for doing so. To use an expression frequently heard among the British in the Far East, the managers of that institution are "not out here for the sake of their health." Of course, the charge on my small sum of money was negligible. It is, I think, about $\frac{1}{2}$ per cent.; but that comes to a good deal if millions instead of hundreds of pounds sterling are being moved about. What was not negligible to me was the variation of exchange between silver and gold. It always seems to catch the newly initiated, and I was no exception. My £100 from London seemed to be worth about 930 dollars in Hong-Kong in September. When in November I wanted to send the money back to

London, my 930 dollars were only worth about £87 in London; of course it might have been worse. The Hong-Kong dollar has since fluctuated in value nearly 50 per cent. in one year, so that I am now duly grateful that I obtained £87 for my £100, as a result of the journey of two little pieces of paper, called drafts, between London and Hong-Kong.* Had I kept up the game for two or three more experiments I might possibly have had only £20 or £30 at the end of it. Lest I should be misunderstood, I do not wish for a moment to suggest that the whole of the £13, which so mysteriously disappeared, went into the coffers of the bank. So far as I can understand that institution only received about five shillings for so kindly assisting me.

Most of the enthusiastic young students of economics, when first they study this exchange problem in China, tell you that the only way out of the muddle is for China to adopt a gold standard. Sometimes these young men go into the practical work of exchange and banking; at times they seem to profit greatly by so doing. And then they are less enthusiastic about the gold standard for China. But there are advocates of currency reform in China, and it would be a great thing if the whole country had one uniform system.

* As these proofs are being corrected the value of the dollar is 5s. 2d. About a year ago it was less than 3s.

CHAPTER IX

THE MACHINERY MARKET IN CHINA

It is said that into no matter how distant a village of China you may go you will, in this year of grace (1919), always find three commodities marketed by the English-speaking race. They are the Bible, kerosene, and cigarettes. These are the pioneers of our Western civilisation: light, heat, and smoke. The fact that you may find all three thousands of miles away from the coast is proof positive that a new stage in China's development has opened up. For many years the Anglo-Saxon had nearly all of his intercourse with the Chinese in the Treaty Ports or in Peking. True it is that the missionaries, many years ago, gave attention to the inland Chinese. They have been followed by the oil companies and the tobacco retailers. There are signs that manufacturing chemists and machinery agents are close on their trail.

Since the Sino-Japanese War (1894), the competition for trade in China has grown until it may now be called fierce. Before that date certain British firms had what was virtually a monopoly. There is now an effort to capture trade, not only by other British firms, but by all the nations who export goods. Sometimes these nations have been well organised, and the governments have taken an active part in the struggle for trade. Sometimes territory as well as trade has been sought, as when the Russians seized Port Arthur, the Germans took Tsingtao and the Japanese Korea. Sometimes an important step has been taken to develop the trade of China by lending money to the Central or Provincial Governments. And then, at other times, railways

have been financed and built. Just before the European War some enterprising Britons concluded a contract to rebuild the city of Hankow, so that it should have a good water supply, drains, tramways, and electric power.

Contracts in China.—It was the building of the railways in China that first led British engineering firms to take an interest in the trade of the country, since bridges and locomotives and electrical plant were needed. Then people began to talk about the rebuilding of the Chinese navy, and the reorganisation of the Chinese army. The British firms interested in the production of the machinery of destruction sent out representatives to the Far East. But the Germans obtained practically a monopoly of such trade by their unscrupulous methods. There were, of course, many British engineering firms who had trade connections in Japan. Battleships, locomotives, electrical plant, and tramways had been sent from England to the Britain of the East. And these firms, finding that the business was worth having, began to argue that the possibilities of such trade with China was enormous when compared with that of Japan. These matters received attention by the technical press. Justly, or unjustly, these papers began to blame "our supine Government," and our "uncommercial Attachés in Peking," or "our unscientific consuls," because the Germans, or other of our rivals, obtained big orders for machinery or munitions. Some of our people at home knew that for many years British firms had had almost a monopoly in the matter of tea and silk and shipping in China. It surely could not be true that, just as China was beginning to demand modern machinery, the trade was about to slip away from Britain. For, after all, Britain had invented and perfected the steam engine. She had built railways all over the world, including some in the United States. She had created an oil industry in Russia. She had applied the science of engineering to India and Egypt with such success that the Desert had become farm land and the swamps had been drained.

She had sent a great deal of mining machinery to Australia and South Africa. Her technical press at home, British newspapers, and the many British engineers at work in China became alarmed when they saw the Germans and the Australians and the other nations beating us at the game of securing engineering contracts. The agitation took definite shape in 1912, when the British Engineers' Association was formed. That showed that there were certain people in Britain who were alive to the importance of the metal and machinery market in China. It proved, beyond doubt, that even the "old China hand" realised that a new era had commenced in the Far East. He might be conservative, he might think that no good would ever come from the Chinese, but the "old China hand" was beyond all else patriotic. In those days before the Great War, it was a remarkable experience to come out of the metropolis of the Empire to Shanghai or Hong-Kong. Rather, it was remarkable to contrast the conversation of the "man in the street" of London, Manchester, or Birmingham, with that of the "old China hand." For while the former had a "grouse" about his employes, or of "the parasites battenning on the workers," the latter had a great grievance which affected his outlook until it was very pessimistic. For he saw, or he thought he saw his country losing ground in China; and that, to him, was far worse than his own private troubles. Of course, he was inclined to blame his own countrymen—from those in the Legation at Peking, to the manufacturer at home. At the same time, he would do everything possible to make them realise what was happening to British trade in China. But now things have changed for the better. Everyone thinks of our commerce.

The New China.—In the meantime modern industrial China had commenced in the settlement in Shanghai. The new cotton mills were absorbing machinery and turning out goods which can be sold as cheaply as those from Manchester. The electric power station had put in steam turbines of the size of those used for such

cities as Glasgow and Birmingham. The Shanghai Municipal Council had given orders for hundreds of thousands of pounds worth of copper cables and the necessary metal accessories. The Chinese all over the country had demanded electric light. Villages, in which the advent of a European attracted a crowd, already had a supply of electricity almost before Europeans arrived for the first time. Water turbines were transported from the coast for many hundreds of miles inland, and many thousands of feet above sea-level, so that Yunnanfu might receive its current from a waterfall some miles distant. The tin and the antimony from inland came down to Hong-Kong and Shanghai to be exported. Major Nathan brought about the formation of the now most efficient Anglo-Chinese Kailan Mining Administration, while Sir Matthew Nathan caused the Canton-Kowloon Railway to be built in South China. At Chingwantao, the port from which Major Nathan's company sends out its steamers laden with coal, tiles, etc., powerful cranes, up-to-date derricks, and truck-lines were being laid down. There were large extensions of the docks and the engineering works in Hong-Kong and Shanghai. At the former port shipbuilding commenced in real earnest.

In all of our engineering works there is the period of planning—the drawing-office stage of the business. We have to think things out, to collect all of the data possible, to make up our minds as to the best methods to be used in translating the designs into practical work, before the ideas are crystallised into the lines and instructions which go from the drawing-office. As the Americans say, it is hoped "to make wise" the British concerning our chances in China by giving information that will help the trade in Great Britain.

For more than six years the writer has been working with the Chinese for most of the year, travelling about the Far East in the long vacations, writing to those who are connected with engineering work out here, meeting some of the most prominent Britons and Chinese, making notes on this great problem of the industrial development

of China. The subject of British trade prospects in the Far East has been a matter very much in his mind. Seeds were sown many years ago in Birmingham by that remarkable man, Mr. Joseph Chamberlain, and the Far East has developed them. In a never-to-be-forgotten conversation before the days of the Tariff Reform crusade, Mr. Chamberlain talked of the engineering trades and the future of the Empire and overseas markets to a young demonstrator in the university which he had created. He was practical, if a visionary. Like an architect who plans a structure, he saw the building—even the details of the materials for the building—long before there was anything more tangible than thoughts. He was, beyond all else, an organiser. He realised that each year would make engineering products more and more important as articles of commerce.

"*Does it Pay?*"—"What do they know of England," cried Kipling, "who only England know?" If you want to appreciate the land of Magna Charta, the land of Newton, Watt, and Faraday, you must leave England and travel round the world. You will find the trace of the British engineer and administrator from Vladivostok to Singapore, from Shanghai to Cairo. If you visit China you will, indeed, realise what has been done, and the possibilities of what can be done. Just as there is a new Europe so is there a new China. The attitude of the Chinese to-day, when compared to that of twenty, or even ten years ago, is astonishing.

They have asked about all of this modern apparatus the question that the keenest traders of the world would naturally ask. They said, "Does it pay?" and the answer has come from Japan, Hong-Kong, Shanghai, and even inland China. Always the answer has been, as the politicians say, "in the affirmative." In that mysterious manner of the East, of which we understand little, but which is as effective as a newspaper with a circulation of millions, the story that it does pay, the examples of how it did pay, have sped through China. The keen trader is, of course, naturally suspicious of being "let in," and on more than one occasion the

Japanese drummer has let him in. Yet he is still keen, and he wants to make money. They talk about the almighty dollar in the United States. In China the dollar is super-almighty because of the intensity of the struggle for survival. And the Chinese of to-day are beginning to think that Western science manufactures and multiplies the super-almighty dollar. He is anxious to find out how it is done.

British Assets.—There is no doubt that the Chinese have a very great respect for the British nation. The history of the British in China is discussed elsewhere, but the most influential Chinese realise what the British have done not only for China, but in the Straits Settlements, Hong-Kong, and Shanghai. "It is our honesty that keeps us going," said a shrewd British official to me a few days ago. "The Oriental respects the Englishman because he gets justice and the square deal from him." It is also our energy that keeps our trade going.

Undoubtedly the most valuable asset of the British in China is their reputation for the square deal. They said of the Chinese "his word is his bond," in the old days when the British practically held a monopoly in trade in China. Business worth hundreds of thousands of pounds was carried on between British and Chinese traders, and never a bond but the word of each. The times have changed; but the old reputation remains. There are British firms in China whose spoken word is accepted for millions of dollars, and whose paper is like that of the Bank of England in London.

The Chinese rush to invest money in British companies, or in property in Hong-Kong, or in the Treaty Port Settlements managed by the British. The most famous mining administration in China is managed by the British; its Chinese shareholders are delighted with their dividends. No other nation has such a wealth of experience with the trading Chinese as our own. The Chinese are demanding Western machinery and applied science; the British have valuable assets in China, as enumerated above. Will they supply the bulk of the

machinery needed in China? The opportunities are magnificent. Yet there are difficulties.

Difficulties.—It would be absurd to underrate the peculiar difficulties of the China trade. It is, for example, useless for a firm in Great Britain to send a representative out to China and expect him to send home orders within a month or two of his arrival. A successful local doctor in Hong-Kong came out to the colony and was nearly a year resident here before he commenced to practice. He was collecting friendships and making acquaintances. "Friend pidgin," as we call it, goes a very long way in the Far East.

The climate is so very different to that "at home" that it takes some time to get used to it. Once you get over the period of being "a griffin" or a stranger, all goes well. But the conditions of life in China are also different from those in Europe. The ways of the Chinese are said to be "strange and peculiar," and so they seem to the Westerner at first. After a time he understands. The handling of the Chinese, from the man of commerce to the official or even to the household servant, needs experience. You must pay for it. Fortunes in business can be, and have been, made and lost in exchange transactions. There is, of course, a very distinct amount of chance operating in such matters, and the Chinese gamble on the exchange, as all Orientals love to gamble on anything. The shrewd business men cannot always be sure about exchange, but they have experience that the newcomer has to buy—sometimes dearly.

A great difficulty of the British is their excessive dislike to throw a sprat in order to catch a mackerel. That must be done in China. Any firm that wants to reap the harvest of trade in China must spend money in saving and watering the soil. Style means a good deal in China. There are many different ways of advertising, but they all cost money. The Chinese, and for that matter the European "old China hand," dislikes meanness or cheeseparing. The thing must be done well if it is to be done at all. "Nothing succeeds

like success " is particularly true of business in China. The most valuable asset of any commercial concern is a general halo of prosperity around its " taipan," or chief manager. Therefore, the concern ambitious for the China trade must be prepared to spend money in the early years.

Another difficulty is the language problem. There is now a fashion for young men to " come out from home " to firms and to attend the Chinese language schools of the local chambers of commerce. That is excellent in its way. But observation rather goes to show that by the time a man has mastered the technicalities of engineering work he is not keen on studying what is about the most difficult language on earth. Of course, he ought to do it, and he should be encouraged to do it. Yet it is probably cheaper in the long run to supply a British technical man with a Western-educated young Chinese assistant. That is the plan that the writer would put into force if he were exploiting machinery in China. For these young Chinese know their own countrymen as no European of less than about twenty years' residence in China knows them.

Finally, the difficulty with British machinery is that it is all too good. The Chinese do not like a heavy capital expenditure. They find it difficult enough to raise the money; they have great faith in the shares of British companies, but they will not readily co-operate with each other. They do not want brass bearings if cast-iron lined with white metal is good enough. They do not care a button about appearances. So long as the wheels go round and the price is the lowest, that is their purchase. It is futile to talk of educating them above that sort of thing in a year or so. It will take time; but do not let us lose the market meanwhile. And do not forget that the Chinese like to have plenty of time allowed to them before they pay up.

The Rewards.—A director of one of the great Japanese steamship companies recently said: " The Chinese are great buyers, but what they are buying to-day is but a bagatelle of what they will buy to-morrow." The in-

dustrial era is just commencing in China. All over China the natives are demanding electric light. Lamps and accessories are coming from Japan and Britain; it is hoped that more and more will come from the "old country." The Chinese are demanding railways; they have in a few years enormously extended the postal and telegraph systems. The vast plains of Manchuria have trembled beneath the steel of the steam-plough; the rivers re-echo to the noise of steamers and motor boats. Mining machinery has been already imported into China, but the possibilities of this market for such plant are beyond description. Modern mining work inevitably means electric power. A request came to the writer only a few days ago from one of the big mining companies in China, managed by the British for a graduate in electrical engineering. The plant, as described in the letter, was quite up to date. It ought to be possible to equip many such plants in China in the next few years.

Docks and Shipping.—It is worth noting that during the last few months of the war hard-headed business men and engineers in China have advanced schemes and suggestions for the extension of the existing harbours in China. The Hon. Mr. David Landale, head of the largest merchant business-house in the Far East, and a member of the Legislative Council of the Colony of Hong-Kong, recently mentioned in that Assembly the matter of the local harbour, which to all appearances could now almost hold all of the shipping of America and Europe. But Mr. Landale wisely warned the Government to be prepared. The Chinese authorities have issued reports from a capable European engineer, Captain Olivecrona, upon the improvement of the Port of Canton and the West River—that great artery of trade in Southern China. In Shanghai three expert engineers have produced a most voluminous report for the Whampoa Conservancy Board which says, among many other things of great interest to manufacturers, that "the trade between Asia and other continents will in the immediate future increase enormously," and

"when the Chinese harbours are provided with deep-water quays, the handling of cargo will be done by mechanical appliances in spite of labour conditions." Again, all of us in China who know Europe and America, agree with the words in the report: "It is to be expected that the world will no longer fail to obtain the co-operation of China in the development of intercourse in the oceans." Tientsin and other ports of China have schemes for improvement. At the least, all of this means modern methods of electric lighting for the wharves and the godowns. In reality, it will mean all sorts of electrical appliances for the handling of cargo, and the thousands of other ways of using electricity.

Quietly and almost unobtrusively, about 100,000 Chinese in France were doing spadework, and at the critical moment all of them in Picardy seized the rifles handed out to them by the American engineers. Then they fought like men. They take more kindly and more quickly to engineering appliances than to the rifle. They cannot yet produce the industrial leaders; the writer very much doubts that they will do so in this generation. But they do want to see their country developed, and they would rather that Anglo-Saxons did it than any other race.

The phenomenal growth of the Japanese trade during the war shows what could have been done by British manufacturers in the Far East if they could have sent out supplies. The figures available do not include the whole period of the war. But the authorised capital of the electrical enterprises in Japan increased from 500 million yen (say £54,000,000) to 644 million yen (say £69,000,000) at the end of 1916. The generative capacity of the companies increased by 200,000 kilowatts. The production of electric bulbs increased from about three millions in 1913 to over seven and a half millions in 1916. But the Chinese do not like Japanese electric bulbs; too many have been shown to be defective. Yet the exports of electrical apparatus—nearly all of it to China—went up from one million yen to nearly twelve and a half million yen in three years; British

electrical exports to China could have been enormously increased if only the goods could have been delivered.

"It is a fact," said an American leader of industry recently, "that at the present time there is no place where creative genius is more needed or as much needed as in the scientific production or utilisation of food." China is essentially an agricultural country. It is unlikely that costly machinery will be used by the small agricultural farmers, but the problem of communications affects engineering manufacturers. The only solution of famine troubles in China involves improved communications. They must be made, and they will be made; light electric railways have not yet been introduced, but there is plenty of scope for such cheap methods of construction. It is astonishing to see how quickly the Chinese have taken to joy-rides in motor-cars and on the local tramways in Hong-Kong. It is the same in Shanghai.

The following example proves that the Chinese are keen on electric light. In 1904 the Hong-Kong Electric Light Co. sold 614,750 units. In 1916 it sold 5,177,109, and it was compelled to refuse any new connections because its plant was badly overloaded each night. On the one hand, consumers have been indignant because they must not put in a new light anywhere. On the other hand, the local shift engineers have read about life in the trenches with envy. They had a very bad time of it without a scrap of spare plant. The growth of demand by the Chinese was too phenomenal for calculations; it might have been met but for the war. Perhaps in 1920 the figures of 1916 will be doubled. It is the same everywhere. The Chinese love a blaze of light. A Chinese restaurant uses three or four times as much as one in London; a brilliant light and violent noise is the Chinese aid to digestion!

American competition will help us. Our Anglo-Saxon trade rivals work well with us in China. They do good pioneer work. They show us how to "push" things, but they will forgive an admirer for reminding them that they have not had the experience in trade or

in engineering that the Briton has had. But they will be with us in the maintenance of the ideals of our profession. Their technical goods may be less finished than ours, but they do not disgrace the reputation of engineering work. Americans give me the impression that they expect much bigger profits on their capital outlay than do the British. Wherever they go they spread the Gospel of the English language and the "get on with it" point of view. They have made up their minds to get into this market, but there is any amount of room for them and for us. It is absurd to suppose that they can drive us out. We may slip off the car because we are asleep, but they will never push us off. It is right to add that, usually, they are more popular with the Chinese because they are rather less of what they call "the high-brow" type than the average Briton. They do not hesitate to mix freely with the Chinese. We suffer just a little in China from the traditions of the Anglo-Indians.

Nobody doubts that there will be a rapid development of the vast railway programme for China which was hung up by the war. That will be taken in hand at once. That will mean a demand for machinery to equip the repair shops. It also means a good market for railway materials.

The directors of the electricity supply company for the city of Canton recently sent orders to America for quite an extensive plant of turbo-alternators. But the management has been very unenterprising, and Canton carries about one-tenth of the load that a real "live" Briton, with capable Chinese assistants, could connect to the generating station. Moreover, Canton is like the hub of a wheel, all around the rim of which are many towns and villages, the very centre for a distribution system.

The changes in China during the last ten years have been in the intellectual realm. They are the forerunner of material changes. A few weeks ago there was a conference of Cantonese merchants at Shanghai concerning the establishment of a hospital on Western

lines. One of the old *litterati*—the type still exists in Great Britain—wanted to stop the wheels of progress; he began to quote the Chinese classics. The Cantonese merchants so far forgot their usual suavity as to shout him down. They subscribed money for the Western hospital. The republic may have not been a success in the way of producing good government, but it has broken down the intellectual bondage of the Chinese.

Before the war the Chinese merchants talked about modern science, and they sent their sons to Europe and America to learn all about it. The successful issue of the great struggle has made the name of Great Britain much more respected in China. The millions of pounds spent by the Germans in the Far East have been wasted. Let the British engineering manufacturers spend a few thousands and come into the greatest market that is to be found in any part of the world. There is room for all competitors—the field is so vast.

A Chinese Factory.—At the invitation of some Chinese merchants the writer recently inspected an industrial undertaking—we will call it a factory—in a place remote from Hong-Kong. The journey was troublesome—we will suppose that the province was Yunnan, although actually that was not its name, but it would be unfair to say where the factory really was situated. Thirty years ago it had been planned and equipped throughout with British machinery. For thirty years it had gone on working, except for a short interlude of a few months when it was looted by robbers—they may have called themselves soldiers—who took away some of the brass fittings essential to make “the wheels go round.” The fittings were made again locally by the Chinese—from memory. Not all of them—the safety devices were clearly not thought worth worrying about, so they have never been replaced.

The inspection of the factory was rather discouraging for a scientific man. According to all of the best authorities who write on the subject in the English language the work should have petered out years ago. The machinery had passed its allotted span of life, but

with almost indecent, certainly indecorous, activity it was jumping about, doing the work as gaily, if not quite as safely, as when put in thirty years ago. Our American friends would have condemned any machinery of that type to the scrap-heap when it was half its present age. In our rather more conservative land of Britain we should have very tenderly nursed it for some twenty years and then, with a sigh of regret, we should have said, "Yes, it must be replaced, but it has done good work." It seems difficult for us to "scrap" machinery, but it seems almost impossible to persuade the Chinese to do it.

There was the plant, which had probably cost about 500,000 dollars thirty years ago, and which was of a complicated type, working away in a jaunty fashion after thirty years. We call an engine "she," and as I watched these rods and cranks, which every day of the thirty years had revolved more than 70,000 times—say six or seven hundred million revolutions in thirty years—I thought of the old tag "a woman, a dog, and a walnut tree—the more that you beat 'em the better they be." For that good old engine had been badly treated. It is impossible to describe what had happened without using technical language, but it had never been repaired since first it was installed. The Chinese drivers had been with it since the beginning, but they had never been trained as mechanics. It was in a condition that would have sent grey the hair of any factory inspector in England. One onlooker, at least, during our visit was glad to leave the engine-room.

The factory made a product much in demand, but the method of working was all wrong; yet the fact was indisputable that the raw material was going in, and the finished article was coming out. My friends were spending about 1,200 dollars a day on fuel, labour, and raw material; it would have been impertinent to ask the manager of the concern his salary—it was probably about 200 dollars a month. The work's manager was a shrewd, clever, but untrained Cantonese, and he was reported to be in receipt of 60 dollars a month. In

Britain a man with his responsibilities would have been paid about £1,000 per annum.

Text-books state that the life of a Lancashire boiler is twenty-two years. Yet here were boilers, subjected to no scientific supervision, which had been at work for thirty years. It was pardonable for a Briton to feel a pride in this machinery. It had, indeed, stood the test of time. One felt almost ashamed to be persuading the owners to replace it with more economical and up-to-date plant. It did not seem quite fair to throw out such faithful assistants as those old cranks, rods, and boilers.

A tribute must be paid to the unskilled labour in charge of the machinery. If any part of it seemed uneasy an ingenious method of dealing with the trouble was devised. It is true that the mischievous craze for economy was carried to such a point that 20 dollars a day was saved, but 100 dollars a day lost by the saving. But the connection between the saving and the loss was not realised, otherwise the owners of the plant would have been very much annoyed. Everyone thought that the loss was due to another reason.

It was difficult to understand why the factory was placed about fifteen miles from the nearest Chinese town. It transpired, subsequently, that the inhabitants of the town objected to the tall chimneys, as likely to affect the "feng-sui." Therefore, the factory was isolated and the raw material was carried many miles. Also, although only one chimney was needed, two were in place. One was for the devils to go down, the other for exit purposes.

On the whole, the visit was encouraging. The British had maintained their reputation for good machinery. The Chinese owners were quite satisfied with it, but they very quickly understood the arguments favouring alterations.

In ten years every village in South China with more than a couple of thousand inhabitants will probably have electric light. We shall see rapid changes now that

the wheels of industry are running to supply the munitions of peace.

During recent months I have met a large number of engineering manufacturers in Great Britain. I have addressed the Committees of various trade organisations with one simple object. I wish to see the workshops of Britain turning out machinery for China on a scale which manufacturers think is impossible. But they thought in 1914 that the shell production figures of 1918 were impossible. Despite the war, we have held our own in China with machinery, and we must do for China what we have done in Egypt—increase the production of the natural resources of the country.

It has been stated recently in Shanghai that a certain large American house in China has just secured the order for twenty-nine cotton mills there. We have had our share of orders in the past, and the following figures from Customs statistics show that the British in China have not been asleep. But we mean to do much better.

<i>Imported from.</i>	1914	1915	1916	1917	1918
	H.K. Totals.	H.K. Totals.	H.K. Totals.	H.K. Totals.	H.K. Totals.
Great Britain ..	1,540,509	1,076,229	1,257,961	669,649	669,402
Hong-Kong ..	274,174	64,733	6,822	14,399	10,530
Canada ..	1,072	—	27,182	203,132	220,521
Japan ..	196,134	253,490	531,437	322,607	642,948
United States ..	658	15,446	27,182	15,796	159,346
All others ..	37,299	9,613	22,496	10,217	12,197
Total ..	2,050,646	1,419,511	1,934,141	1,235,800	1,714,994

For the purposes of the figures of the Chinese Customs Hong-Kong is reckoned outside of China, but no doubt most of the machinery from Hong-Kong originally came from Great Britain.

All of the news and the trade figures from China show that, despite the hindrances caused by the Great War and the internal troubles of the country, the foreign trade is increasing rapidly. Figures are confusing,

because the average gold value of the local silver currency was more than twice as much for 1918 as for 1915. But the direct foreign trade of China was nearly nine million pounds more in 1918 than in 1917. The Customs revenue was much increased, and, owing to the high value of silver, most imports from gold countries actually cost less than before the war.

CHAPTER X

SOME BRITONS WHO HAVE SERVED CHINA

AT the conclusion of the Russo-Japanese War, the well-known correspondent "Putnam Weale," wrote a book of two volumes entitled "The Re-shaping of the Far East." His last words were, "China is now as potter's clay, and kind hands can mould her to any shape." That was in 1905, but it is true to-day, and history has shown that it was true many years ago. This is an age when it is quite impossible to deceive the whole world, and it is very hard to impose upon masses of people in any part of it. It is quite true that many millions of the Chinese cannot read, but for all that the interest in political matters is becoming more widely spread each year. The recent indignation at the supposed menace by Japan is a proof of that. The printing-press has given away all sorts of things that those in authority wished to be kept secret. Rumours spread rapidly from Peking to Penang; superstitions are dying quietly, and, even in China, the great game of make-believe, which succeeded when played by the Manchus and their satellites, now usually fails. Yuan Shi Kai underestimated his own countrymen. The true friends of China do not hesitate to state bluntly the truth, however unpalatable it may be to the Chinese, because they know that many of the best of them are aware of the defects of their government; and those who are not aware of it, will soon understand what is happening.

We need have no hesitation, therefore, in saying that the only hope for immediate improvement in China is the employment of foreigners in administrative and advisory capacities. The extension of the system of

the Maritime Customs services to the railways, roads, and mines of China is advocated, and for many reasons the head of the service should be an Anglo-Saxon. It is only necessary to mention a few of the long list of that nationality who have spent themselves in China to support the claim of past services—General Gordon, Sir Robert Hart, Mr. Kinder (originator of the Chinese railway system), and Sir Richard Dane all loyally served the exclusive interests of China. Sir Archibald Colquhoun worked both for Britain and China, while Sir Harry Parkes has been well described as “our one ‘push-and-go’ man who understood the situation” in China, in his own earlier time. Nor must we omit mention of the work of Sir Thomas Jackson, who laid the foundations of the greatest banking structure in the Far East. In the consular service there have been sinologues, such as Professor E. H. Parker, who have done splendid work for China by translations and interpretations. One of the most remarkable of these British consular men was T. T. Meadows, a man of great literary ability and possessed of almost prophetic genius.

It was characteristic of British policy in China before the war that only those of us who lived in China worried about the events which took place there, and we rather despaired of any interest on the part of the home Government. It is very much our duty to make known to those in authority the views of the Far Eastern British community concerning Imperial matters. Our object is to help the Chinese to develop the natural resources of their own country, to maintain peace and order within its boundaries, and to assist them to put their national finances in a proper state. For that purpose it is possible to point the moral to the sketchy biographies which follow, and advocate that executive authority be given to experienced Anglo-Indians and other Britons. They, like those who have passed away, will work for the betterment of China and the Chinese. They alone will be able to eliminate the corruption which pervades official life in China now as for many centuries of the past.

SOME BRITONS WHO HAVE WORKED IN CHINA

The "Old China Hands."—It is always difficult to compare the men of one generation with those of another. On the one hand, we are inclined to believe that those who live amongst us are really very little different to the average individual; we perhaps too readily suppose that there were exceptional opportunities which enabled them to shine, and which placed them in positions which others less conspicuous could have filled just as well. On the other hand, anecdotes about men who are dead accumulate, and probably they often become exaggerated in the course of time. That is especially true of the East where, as has so often been pointed out, accuracy of expression is not appreciated or even cultivated. Of the Britons who have done good work in China some have been selected for the short biographical sketches which follow. No doubt names have been omitted which other writers would have included. The difficulty has been to keep the list within reasonable bounds.

A class of men often heard of in the Far East is called the "old China hands." They are the old brigade of Britons who have spent most of their lifetime in China, and their outlook is not the same as that of the young men who have recently come out from the old country. Many of the "old China hands" were originally connected with shipping; not a small proportion of them have either served or travelled on sailing ships. They talk of "the good old days" when there was less evidence of the Ten Commandments east of Suez—indeed, some of them even talk of the days before Suez was even heard of at all. The writer found one of them in Japan, the only white man in a town of more than 20,000 Japanese. That isolated Briton had come out to the East in a sailing ship via the Cape, and, after spending most of his natural life on the Yangtze, had settled down in his old age in what the Americans would call "the home town" of his Japanese wife. He dressed and ate

like a native, living in the little Japanese house without chairs, and reading voraciously of Japanese literature. Once a week an English newspaper reached him, and once a year he had a change, when he visited a not very fashionable tourist centre in Japan, dressed himself in European clothes, and conversed with visitors in the English language. He had no wish to return to "the old country," where nobody remembered him, and where, he supposed, he could never find the calm, peaceful life to which he had become accustomed in Japan.

In the old days fortunes were made more rapidly than now, and men retired earlier. Generosity has always been a distinguishing feature of British commercial men in China, and they always took an interest in China and the Chinese. A few days ago, (1919) the Chairman of the Hong-Kong General Chamber of Commerce, the Hon. Mr. P. H. Holyoak, in a speech at the local university, claimed that the British had not been content to devote all of their time in China entirely to trade; they had always taken an interest in the country, "and," he added, "in many a home in Britain you will find what is called 'the China room,' furnished with the blackwood chairs, etc., of China, with porcelain and other treasures to remind the owner and the friends who were contemporaries of his in the Far East of the country which he loves best next to his own."

It is noticeable that the higher educated and more intelligent Britons who live amongst the Chinese have the greatest affection for the people and the country. You may almost say that a man is ignorant if he cannot speak well of them, or has made no friends amongst those whose characteristic it is to be friendly to the British.

It is, however, chiefly in the hope that some of the more intellectual Chinese will read these few sketches that they have been written. If they understand that the efforts of the British in China have not been entirely selfish they will more readily respond to the efforts made by some of us to promote Anglo-Chinese friendships.

How, then, shall we select the men to be taken as typical, or even as the best specimens, of the British

in China? With, perhaps, the exception of "Chinese Gordon," a long residence in the Far East has been considered an essential qualification. For the rest it must be confessed that the names of those who have figured most prominently in books on China and in the newspapers have been selected. It may be said, of course, that men whose light is hidden under a bushel also are doing good work; many of them doing it without hope of reward. That is true, and it is indeed well to emphasize that, although only a few names have been selected, there are hundreds, probably thousands, of Britons who have worked and who are working in a way that should earn the gratitude of both British and Chinese.

The British Minister in Peking is so universally respected and has earned such a high reputation during the difficult period in which he has held office that we may safely deal with him first. Moreover, it is intended to take the living representatives of our nation before those who have passed away.

Sir John Jordan.—During the summer of 1916 the writer was privileged to stay with Sir Charles Eliot in Peking. He was taken to the British Legation, and, on entering that quarter, the eye caught words roughly scrawled on a wall which brought back to memory the story of the siege during the mad outbreak of the Boxers in 1900. "Lest we forget" were the words, which might almost have been written in chalk by a schoolboy. We passed by them and finally entered a building of Chinese architecture, containing the official working room of the British Minister. A grey-haired, bearded man sat at a roll-top desk. The Marquis of Dufferin was just a legend; I had never seen him, and knew very little about him, but immediately Sir John Jordan reminded me of what I imagined the once famous Marquis had been in appearance. But there was very little time for such reflections, as Sir John was quickly asking me questions. He seemed eager to do all that was possible, but he obviously did not want to waste time in mere gossip. The British Foreign Office have

requested him to remain at his post, although it is said that he would very much like to retire. Recently his name has appeared in the honours' list. It cannot be doubted that during the difficult years of 1914-18 Sir John Jordan was a most valuable asset, not only for Great Britain, but for the Allies in Peking. Since the above was written he has retired. His departure is regretted by Chinese and British all over the Far East.

Sir Charles Eliot.—For six years I served under this famous scholar and diplomatist, who was the first Vice-Chancellor and Principal of the University of Hong-Kong. Of all Britons who have been in the Far East he was intellectually the greatest. It is difficult to write without emotion of one from whom much personal kindness has been received, and from whom many valuable lessons have been learnt. Irrespective of his great services to the cause of education in China, Sir Charles Eliot gained the deepest respect from the Chinese by his profound knowledge of their literature, and his intense sympathy with their aspirations. He is now British Ambassador in Tokyo.

Sir Paul Chater.—Three or four years ago I was present at the annual races in Hong-Kong, and a member of the Executive Council of the colony was celebrating his jubilee—of annual race meetings. For more than fifty years Sir Paul Chater has watched the local races, and on many occasions he has seen his colours carried to victory. As a director of local companies, he is the "Grand Old Man" of finance and commerce in the colony. He has always shown remarkable initiative, and it was almost entirely due to his efforts that the great reclamation scheme, which provided so much land for business premises, was carried out.

Sir Richard Dane.—It was my privilege to meet and converse with this typical Englishman on two occasions during his residence in China. Under the terms of the Reorganisation Loan Sir Richard Dane arrived in China in April, 1913. The success of the system which he built up so carefully and so quietly not only paid the interest and other obligations of the loan, it soon became

the chief financial support of the Government. Nobody knew what the salt revenue in China really was before the days of Sir Richard Dane. Sir Alexander Hosie, a reliable authority, placed it at about thirty-five million dollars. For the third completed year of the administration of this affable but determined Englishman the revenue produced was seventy-two million; but for the Civil War and the annexation of revenue of the South Western Provinces, the figure would have been at least one hundred million dollars. That result was accomplished in the face of difficulties that would have appalled a less philosophic or a less resourceful knowledge. In the beginning, as he once remarked, he had hardly ink to write with or paper to write upon. But he always believed in the ability of the Chinese. Once I asked him the secret of the remarkable success of the Salt Gabelle. "The payment of adequate salaries to the Chinese officials in the service," was the reply. There were less than fifty foreigners in the employ of the Salt Gabelle, but they worked well with the Chinese.

It is very hard indeed to write in a restrained manner of this splendid Englishman, who is still alive. It has been related that a prominent Chinese official once said that only three foreigners ever really impressed the Chinese. They were Sir Robert Hart, General Gordon, and Sir Richard Dane. The Shanghai correspondent of *The Times*, in the columns of that journal, told the story, and said, "It is safe to add that none was ever held in higher esteem by them than Sir Richard Dane." All that can be said cannot convey the impression left upon the minds, not only of the Chinese, but of the British in the Far East by Sir Richard Dane. He was only at work for five and a half years, but he did wonders. He was just a perfect specimen of an English gentleman who possessed a lofty sense of duty to his fellows.

Dr. G. E. Morrison.—In this case also it is difficult to write about a man who is alive, especially when you have made his acquaintance and may meet him, socially, in the near future. Yet, for all that, it would be wrong to permit such considerations to persuade one

to omit the name of almost the best-known Briton in China from these notes.

Dr. Morrison is an Australian with an adventurous career. His facility for putting his thoughts on paper made him give up the surgeon's knife for the pen, and no doubt he made quite as many incisions with the latter as he would have done with the former. His home for many years has been in Peking. He had a genius for getting hold of the news and making the most of it, and thus he became famous as *The Times* correspondent in China, and to-day he is an adviser to the President of the Republic. He had a splendid library of books on Oriental affairs, but he has recently sold them. They will go to Japan—probably they are there already. It is safe to say that Dr. Morrison helped both Britain and China, and has made for himself a reputation of which he may well be proud.

"*Putnam Weale*."—The publicist who has adopted that *nom de plume* is the correspondent of the *Daily Telegraph* in Peking. He has written a number of books on China, including novels. Perhaps the most remarkable is "Indiscreet Letters from Peking," but the books which dealt with the problem of Russia in Asia were valuable contributions at the time of publication. Next to Dr. Morrison, "Putnam Weale" is probably the best-known British journalist in China.

Mr. E. W. Pearce.—The Shanghai municipality decided to show its appreciation of the public work of Mr. Pearce by conferring upon him the freedom of the Settlement, and, as he was the first one to receive that honour, his name will be remembered in Shanghai, if not in China itself. It is noticeable that in the Far East the British seem to be willing to devote their energies to public work of a civic nature. It may be said that Mr. Pearce is just a good example of the public-spirited Briton who is often seen as a mayor or chairman of a county council "at home." But he is also a very good example to the Chinese, for whom he has done so much by giving time and energy to public duties in Shanghai.

Mrs. Archibald Little.—In the early days the British in China were unaccompanied by British ladies, but of late years the British women have exerted their influence more and more. It is therefore only fitting that mention should be made of the service rendered by Mrs. Archibald Little to the women of China in her efforts to eliminate the unfortunate custom of foot-binding. Although Mrs. Little does not seem to have been the actual originator of the movement, yet she so devoted herself to the cause that her name is now identified with it. She possessed considerable powers of organisation, and quickly recognised the value of publicity in furthering the object which she had in view. The remarkable progress made by the anti-foot-binding movement is the best evidence of the efficiency of the methods employed.

Sir Henry May.—The son of a Chief Justice of Ireland, Francis Henry May entered the Government Service of the Colony of Hong-Kong as a "cadet," and, after more than thirty-five years of service, recently retired (1918), owing to ill-health. He passed through almost every office in the service to which he devoted himself, finally becoming Governor (1912-18). His character was complex; in many ways he was a typical Irishman, with the genius for making firm friends and fierce enemies. As for those who were residing in Hong-Kong during the full period of his Governorship, the chief impressions left on many of our minds about Sir Henry May are his fearlessness, his devotion to duty, and that other characteristic which, when we admire a man possessing it, we call "firmness," and when we dislike him we refer to as "obstinacy." It must be confessed that Sir Henry May was not popular as Governor with the commercial community, although important members of it begged the Colonial Office to appoint him to that position when Sir Frederick Lugard retired in 1912. He was, according to his critics, too autocratic. He probably was the type of man who, having once made up his mind about what he conceived was his duty, went on quite indifferent to criticism or clamour. He had a very difficult period of office, and he seemed to think

it unnecessary to make explanations. "They say, what do they say, let them say," seemed to be his general attitude on any public question. But he had many fine qualities. He was a strenuous worker, a faithful servant to the cause that he believed was right, and typically British in his love of sport. However much the commercial community in Hong-Kong disagreed with Sir Henry May in matters of policy, they fully recognised his long period of devoted service as a British official in China. It can be said that he never spared himself in doing what he thought was his duty. And when the news came that he was compelled by ill-health to retire, even his most severe critics acknowledged that he had spent himself in the service of the Empire.

Mr. H. B. Morse.—After spending many years in the Chinese Customs Service, this famous author retired to England. It was my privilege to meet him in London recently (1919), and it seemed to me that no greater compliment had been received by the British in China than that paid by Mr. Morse. For he entered the Customs Service an American citizen but, after his experience in China, he was naturalised as a Briton, and now lives in England. We may therefore number him among those of our nation who have helped and served China. His book, "International Relations of the Chinese Empire," is excellent, while his "Trade and Administration of the Chinese Empire" is a classic. When Mr. Morse was an American he vigorously defended the British from the unfortunate statements made by enthusiasts who wished to end, but did not understand the history of, the opium traffic. For some years Mr. Morse was in the statistical department of the Customs Service, and his careful analysis and interpretation of trade returns is not least amongst the work which he has done for China.

Sir Thomas Jackson, Bart.—It is seldom that a statue of a man is erected while he is alive. But it happened in Hong Kong. In 1912 the writer was shown the bronze figure erected in one of the most conspicuous places in

the city of Victoria, Hong-Kong; during the following eight months he often passed it and heard the spontaneous comments of friends of the great chief manager of the Hong-Kong and Shanghai Bank. Such comments were always in the nature of eulogies. There are other statues in Hong-Kong, but only to royalties or the representatives of royalty. That statue to Sir Thomas Jackson was an expression of gratitude from the commercial community of the colony. For, at a crisis, the man who had built up the business of "the Bank" and who had retired, came back again, and saved many a Far Eastern "hong" from ruin in the dark days of a financial panic. In 1913 the writer first saw the original of the statue. That was in the manager's parlour of "the Bank" in London. The first impression of that meeting was that the bronze face was much less kindly than the face in the flesh. Soon afterwards (1915) Sir Thomas Jackson died, but the memory of him will remain in the Far East as long as the great institution which he created exists. The first notice of his appointment as chief manager of "the Bank" appears in 1877. At that time the dividend was £2 a year. Now it is practically three times as much. An Ulster Scot, Sir Thomas Jackson commenced his career in the Bank of Ireland in 1860, and went East to the Agra Bank in 1864; he transferred his services to the Hong-Kong and Shanghai Bank in 1866. He died in 1915 in the manager's parlour in London, where it had been my privilege, two years earlier, to first make his acquaintance and subsequently to discuss with him, on three or four occasions, the history and the prospects of the British in China. It was then evident to me that, although he had retired after forty years of service in China, his thoughts were much more of Hong-Kong and Shanghai than of London. In the obituary notice in the *London and China Express* of December 22, 1915, it was written of this famous banker: "He did much to build up and maintain British prestige in both China and Hong-Kong, and was known amongst local Chinese as the 'Luck of Hong-Kong.'" He was a fine representative of the Briton

in China of his period; a hard-headed, shrewd, and very, hard-working business man, he possessed a most genial disposition and a kind heart. He was one of the most successful and most popular members of the foreign community in China." And, after his death, Chinese who remembered him have been seen "chin-chinning" in front of the bronze statue of the great chief manager.

Sir Robert Hart.—An admirer of this remarkable Briton who passed all of his mature life in China wrote: "In matters of sentiment and patriotism he is more Chinese than the Chinese themselves." Those who knew Sir Robert agree with that description, yet, despite the fact that his sympathies were Oriental, he always retained three Western characteristics which won him success. They were (1) an honesty beyond suspicion, (2) a genius for organisation, and (3) a never failing industry. He perhaps assimilated such Eastern characteristics as conservatism, a delight in autocratic power, and a suspicion of scientific progress. "China is a sea which salts all of the rivers flowing into it," says the native proverb; Sir Robert Hart is only one of the several Britons who become almost denationalised by contact with the Chinese.

He was born in 1835; entered the service of the Chinese Government in 1859, when he was transferred from the British consular service. He was, perhaps, the most trusted foreigner in China. The Manchus heaped honours upon him. He was at one time junior guardian of the Heir-Apparent. He wore the Red Button and the Peacock's Feather. He possessed the high order of the Double Dragon, and an Imperial edict granted to him the privilege of handing on his titles to the next three generations of his descendants. His own country honoured him with a baronetcy.

Despite his pro-Chinese outlook and his many Chinese friends, including the highest of the officials, and despite his reputation for knowing more about Chinese politics than almost anyone else in China, the Boxer outbreak took him completely by surprise. He was in Peking at the time, and his death was falsely reported. It may

be that Sir Robert refused to believe any rumours about the insurrection which would have warned another man. All through his career he deprecated alarms. When the British in China were most anxious about the inroads by Russia, Sir Robert laughed at their fears. It is probable that, because of their victory over China, he disliked Japan more than any other Power.

His official title was Inspector-General of the Chinese Maritime Customs and, in the vernacular of the British in China, he was invariably referred to as the "I.G." He was in the Chinese Customs Service from 1859 to 1910, and he retired with a fortune. He was too stern an autocrat to be popular. Moreover, his own countrymen in the Far East could never quite forgive him for his adulation of things Chinese. He lived in princely style in Peking. He did not appear to suit the part of the Westerner ruling like a despot in the Orient. He had a strong Irish accent, and he was very slow of speech. Towards the end, at any rate, he seemed just a little old man with a grizzled beard. And yet he made history. He did a service to China and to the world difficult to estimate in value. For nearly fifty years he was "I.G.," and he demonstrated that amidst the most subtle temptations of a corrupt Eastern court, a Briton can maintain a reputation for honesty. He obtained a high salary, but he earned it. He organised a department which was the guarantee for every foreign loan, and kept China from bankruptcy and partition. It is doubtful whether any other Briton has ever exercised so much personal influence in China.

Sir Archibald Colquhoun.—It is true that this man was famous as an administrator on Burmah, but he fought the battle of British interests in China. He was as brilliant an author as he was a distinguished administrator, and he deserves the gratitude of the British in China for his Imperial efforts. He began to urge the construction of British railways in 1881, and he published another book on the subject in 1898. In that year Paul Doumer, the most romantic figure that

France has sent out to Indo-China, began his railway to Yunnan. Colquhoun saw the danger to the Chinese provinces bordering our Empire in India. He knew also that this railway would carry the tin and other exports of Yunnan to Haiphong, while previously it went down the West River in the hands of British traders.

• *Sir Harry Parkes*.—On the water-front at Shanghai there is a monument to this man, who did so much for the British in China. Of Parkes, Professor E. H. Parker, one of the greatest living British authorities on China and its history, wrote more than thirty years after his death: "The death of Sir Harry Parkes at this juncture (1885) deprived us of our one 'push and go' man who understood the situation." That is the impression that one obtains of Parkes; he was one of the "push and go" type, and it has not been too common in the service whose traditions, until recently, did not encourage the characteristics associated with the words. Perhaps Parkes was one of the best servants of his country of all that great galaxy of British officials who have spent themselves in Asia during the last century and a half; perhaps he was even the finest Briton who ever worked in China. He first showed his mettle in Canton, where he was appointed Consul in 1856. Courageous, decisive, and very just himself, he would not tolerate fools and rogues. He made up his mind as to a course after carefully considering the problems involved, and having made up his mind, he had the courage of his convictions. It is useless to speculate as to what would have happened if we had had another Parkes in China from 1885 onwards, but for all that we can regret that it was not so.

At Canton, when the notorious Viceroy Yeh had prevaricated after his premeditated insult to the British flag, an incident arose out of what is known as the *Arrow* incident (1856). Parkes insisted upon an absolute apology, and when that was "postponed," he sent urgent messages for British troops. They came (1857), and Yeh was sent a prisoner to Calcutta, where he subsequently died. No impartial critic could say that

Yeh got less than his deserts; to some his treatment would seem too generous for his crimes. The British did a kind act to China when they deported Yeh. "Putnam Weale"* refers to "the valiant Parkes"—afterwards to show himself so splendid "in connection with the Canton appointment.

We next hear of Parkes in connection with Lord Elgin's mission to Tientsin (1860). With another consular officer, Wade, he was sent on to Peking to interview the Manchu princes. He rode forward with a few companions, suddenly discovered an ambuscade, attempted, but failed, to warn the others, and was bound and rushed forward a captive to Peking. "This is worse than I expected," he exclaimed. "We are in the worst prison in China. We are in the hands of torturers; this is the Board of Punishments." But, although some of his companions died, and Parkes himself was badly treated, he splendidly maintained the reputation of his country. He never flinched, and he scorned suggestions that he should purchase his own safety by sending messages to the French and British to stay their march on Peking. No one really admired Parkes more than those who failed to change his resolute attitude. He had already gained their respect by his work at Canton. And finally, thanks to Prince Kung, Parkes and those of his companions who were alive were set free, but not until the Allies had looted the famous Summer Palace near Peking.

T. T. Meadows.—It is impossible to study the many books on the Far East without forming an impression of this very remarkable British Consul in China, who published in 1856 an essay on "The Best Policy of Western States." He was evidently a man of marked literary ability and with an almost prophetic genius, due, probably, to the fact that he had closely studied Chinese history and the people. At times his diagnosis was almost uncanny in its accuracy; but perhaps the instinct which surprises us most is that which led him to suggest that a coalition of Great Britain, France, and America

* "The Re-shaping of the Far East," Vol. I., p. 39.

would be the finest possible protection of the integrity of the Chinese Empire. This book advocates that as a practical solution of the difficulties of 1918, but Meadows suggested it sixty years ago. Also, as far as can be learnt, Meadows was the first foreigner to recognise the extraordinary power of moral and intellectual forces over brute passion in the Chinese mind. Dr. Arthur Smith, a missionary yet alive, writes: "By what force are these vast masses of human beings kept from flying at each other's throats and indulging in the luxury of mutual extermination? We believe Mr. Meadows was right in saying that it is due to the prevalence of moral forces which have in Chinese civilisation replaced physical forces." It is of interest to ponder over that fact in this era which has witnessed the appalling "luxury of mutual extermination" in Europe, the only hopeful result of which may be that Europe, centuries after China, will come to the conclusion that "moral forces" will replace "physical forces."

Horatio Nelson Lay.—This name is not as well remembered as it deserves, and there are "old China hands" who say that some of the credit for the success of the Chinese Maritime Customs Service that is often given to Sir Robert Hart is really due to Lay. But Lay was unfortunate—perhaps he was too much of an optimist or too impetuous for the Chinese Government. He was certainly a man of ability and of high character. We hear of him first of all as Chinese secretary to Lord Elgin (1860). It is worth while giving his own words in connection with the vexed question of opium. The Chinese negotiators were asked by Lay what they proposed to do with regard to the drug. They replied: "We have resolved to put it into the tariff as foreign medicine." Lay then says: "I urged a moderate duty in view of the cost of collection, which was agreed to. This represents with strict accuracy the amount of the 'extortion' resorted to. The Chinese Government admitted opium as a legal article of import, not under constraint, but of their own free will—deliberately." Commenting upon this, Mr. Lanning, a highly respected

ex-Principal of the Shanghai Public School, writes:*

"The late Mr. Lawrence Oliphant, the Secretary to the Mission, confirmed this statement. Men who knew either of these gentlemen, and there are Shanghai residents still who can remember them, will bear us out in the assertion that any solemn declaration such as this, when it comes from men of high character such as theirs, must be accepted and believed." Clearly Lay obtained a respect for integrity among the British in China of his day. It is, however, as the first real head of the Chinese Maritime Customs Service that Lay has earned his niche in the temple of fame in China. When Wade, of the consular service, threw up his appointment as British Commissioner, Lay took his place. The French and the American Commissioners gave up and were not replaced. Lay took over the whole burden, and was soon the object of bitter attacks. It is remarkable that, in a short time, Lay "made good." In a couple of years the very people who had denounced Lay as "the junior autocrat," told the British Superintendent of Trade and Governor of Hong-Kong (Sir John Bowring) that they "feared" Lay might resign (1856). In March, 1861, Prince Kung gave Lay his official commission as Inspector-General of Customs. It is worth noting that a year earlier the remarkable British Consul, T. T. Meadows, had also attacked the "foreign department" of the customs service. Strife seems to have been the normal atmosphere in these early days, and in 1863 we find that Lay and the Chamber of Commerce had a very bitter quarrel. It is a long story, but it was Lay's last fight in the customs service. In his enthusiasm for law and order in China—for the Taipings and pirates were retarding the development of the country then as lack of law and order is doing it now—Lay persuaded the Chinese Government to obtain a flotilla of warships in England. But he followed this up by quarrelling with the Chinese Government about the control of the ships, and resigned his position as "I. G.," being succeeded by Hart. The most admirable qualities

* "New Forces in Old China," p. 137.

of Lay were his fearlessness, his energy, his self-confidence, and his integrity; his failing seems to have been pugnacity.

Consul Alcock.—If Lay may be said to have initiated the Chinese Maritime Customs Service, and Hart to have made it impregnable, another Briton named Alcock can be called one of the originators, if not actually the originator. He was in Shanghai in the 'fifties. During the summer of 1853 the Taipings attacked the place with success. The port, it will be remembered, was opened in 1843, and quickly came into importance as a trading centre. There was by treaty a tariff of duties on foreign trade, and the British officials seem to have been made responsible, to some extent, for the collection of the duties. They did the work and handed the money over to the Chinese. But when the French and American Treaties came into operation there was no similar provision, and in consequence the duties were not collected. Naturally enough, the British traders did not see why they alone should pay, and in 1851 the British officials had ceased to do the work. But the British Treaty made our own Consuls report cases of evasion to the Chinese officials, while no such obligation was laid on the French or Americans. But Alcock saw that he had to do his duty, however unpalatable it might be. He continued to impress upon the British that they must pay. When the Taipings took Shanghai, Alcock was quite definite that the British merchants must fulfil the treaty obligations. But anarchy held its sway. Then Alcock, Murphy (U.S.A. Consul), and Edan (French Consul) devised a remedy. After a period during which the British and Americans paid up, and no one else followed their example, it was decided that the only satisfactory arrangement would be the appointment of three foreign commissioners. Thus was born in Shanghai the great customs service, and Alcock was one of the sponsors. He lived in troublous times; he did not become famous; but his name should be remembered among the list of the British in China who have done, in spite of many difficulties, their duty.

Robert Fortune.—The effect of the work of this British 'naturalist upon China has been immense, although it has not increased the material prosperity of the Chinese. About seventy years he travelled through the country and, after a great deal of trouble, he arranged for tea-plants and tea-planters to go with him to India. His books, with the tale of his travels in China, are of great interest. Before his time every pound of tea that reached Great Britain was from China. Before the War (1914) about twenty-five times as much tea was imported from India and Ceylon as from China. It was just the old story. In India there was British administration, enterprise, and guarantee of non-adulteration. If only another Robert Fortune could be allowed to-day to regenerate the tea industry of China!

Dr. William Jardine.—In these days of keen competition business is so highly organised that no firm can hold a monopoly such as was enjoyed by the Honourable East India Company in the eighteenth century. One of the first of the British in China to realise that there must be an end of such a monopoly was Dr. William Jardine, at one time an officer in the service of the Company. Associated with him from the earliest days were the Matheson brothers and these pioneers laid the foundations of the firm of Messrs. Jardine, Matheson and Co., Ltd. At first Dr. Jardine made trading voyages between India and China, but in 1827 both Dr. Jardine and one of the Mathesons took up their residence in Macao, moving up to Canton in the season, as was the custom one hundred years ago. There are legends about Dr. Jardine and his associates of those early days. One story is that he was constantly on the look out for ships from "home," and, by a pre-arranged system of signals, obtained valuable news before other traders. It is easy to imagine how the shrewd Scot could turn such news to the advantage of his firm. The City Hall in Hong-Kong was built mainly owing to the public-spirited generosity of Sir Robert Jardine, and we may think of him and the Mathesons as men who were just typical of those early pioneers who laid

the foundations of British influence and trade in China.

"*Chinese Gordon*."—No foreigner in China has ever obtained the reputation gained by General Gordon. In the region about Shanghai and Nanking his name still is spoken by the natives with reverence. His "ever-victorious" army crushed the Taiping rebellion, and propped up the tottering throne of the Manchus. People now very much doubt whether it would not have been better to let the Manchus go, but, as a fact, the Taipings had shown themselves incapable of administration, and concerned only with looting and destruction. Possibly Gordon saved Peking for posterity, as the Taipings would have almost certainly destroyed some of the magnificent buildings had they ever reached the capital. At any rate, Gordon put an end to chaos and rapine, for a time at least. In the mid-Victorian era, Gordon was an heroic figure. He was the good knight who, while he held the sword in one hand, carried the Bible in the other.

There was something romantic about this engineer-officer of the British Army, who was obsessed with ideas of a life devoted to work for humanity and self-sacrifice, such as was required of a follower of Christ. At first the Chinese could not understand him, but they soon respected him because of his victories. Li Hung Chang could not quite make up his mind whether Gordon was a fool, or whether he was being bribed, when he did not follow up his victories in the Oriental style. It seemed to Li utterly inexplicable, unless bribery were at the back of the business, that assassination and murder should not be the sequence of victory. What the wily and avaricious Li thought of Gordon when the British general refused the big "cumshaw" offered him by the Manchus can be only imagined.

The name "Chinese Gordon" remained with him all his life, and has survived thirty years after his death. He was a fine representative of his country; he demonstrated to the Chinese that it is possible to combine strength of character with mercy. He was an ascetic

in the days when some of his countrymen were guilty of excesses in the Far East, and the Chinese admired the simplicity of his life.

Dr. Robert Morrison.—If only as the author of the first Chinese and English dictionary, this pioneer missionary and scholar must be numbered amongst the Britons who have served China. In 1807 he left England and proceeded to Canton via New York. He was sent out by the London Missionary Society, and no better choice of the type of man then needed in China could have been made. For a year after his arrival in Canton he lived quietly in one of the American factories, and when the trade was stopped in 1808 he retired to Macao, where he lived in seclusion lest he should excite the jealousy of the other Christian denomination. However, Morrison was a man of high character, of great ability, and some tact, so that he quickly became good friends with the British supercargoes. On the initiative of Sir George Staunton he was appointed translator to the East India Company, and until his death, in 1834, he did in the service of the Company most valuable work. The Company spent over £12,000 in the efforts to promote the study of Chinese, and in evidence on the affairs of the Company an important witness paid a high tribute to Dr. Morrison's work. Of his thirty-one literary achievements the most difficult, perhaps, was the translation of the Bible into Chinese, a task never previously attempted. Dr. Morrison was appointed (1833) Chinese interpreter and secretary to the first British Superintendent of Trade in China, Lord Napier. Unfortunately the latter soon suffered an irreparable loss by the death of the learned and popular doctor, but J. R. Morrison, a son, took his father's place. It is evident that this remarkable scholar appreciated the fact that only external trade would enable Europeans to mix freely with the Chinese. He has been rightly called "a man of vision," for he appreciated the importance of commerce and a knowledge of the Chinese for furthering the work to which he devoted his life.

Lord Macartney.—On September 26, 1792, the first

embassy from Great Britain to China left Portsmouth. It took more than ten months to reach Taku. Lord Macartney was the head of this mission, and he had audiences with the Emperor of China at Jehol (1793). Two facts are noticeable about these audiences. One is that, despite the many efforts made to persuade the ambassador to "kotow," he refused to do so, and obtained his audience notwithstanding his refusals. Therefore, Lord Macartney is famous as the first "barbarian" to interview the Son of Heaven on a more or less equal footing—probably the first individual, other than of royal blood, to do it at all.

The letters from the Emperor to King George III. at this time provide amusing reading to-day. But Lord Macartney failed to accomplish anything except his audiences. The conditions for trade in Canton did not improve, and there was unceremonious refusal to open other ports. Yet we may suppose that Lord Macartney's journey aroused interest about China in Great Britain, and doubtless it caused the curious and adventurous to turn their thoughts to the remote kingdom of the Far East.

Concerning the British in China before the days of Lord Macartney, we have practically no records. Occasionally we obtain glimpses of life in Canton, but there is no mention of men who left a name to be remembered by this generation. There were, of course, sailors, such as Captain Weddell, but they really knew very little of China and her people.

The Rank and File.—In a most entertaining book,* a traveller who has explored practically every corner of the earth writes the following words with obvious sincerity: "The character of the British remains humanity's best asset. This 'character' has little to do with brains or morals. It is built of respect for the law, the strongly developed sense of justice, liberty, and fair play, a fairly high standard in money matters, and good common sense. . . . We have balance, and because of it have been called to rule over half the world.

* "The Shadow-Show," by J. H. Curle (1912).

Then, again, we are the personality among nations—we, and the Chinese—and the richest."

Nothing surprised me more, when I began to travel over the world, than to find that the prestige of an English gentleman is much higher in Asia than in his own country, or even than in North America. It is astonishing that a people who, on the average, are ignorant of the elements of science, have succeeded in such a remarkable manner in restoring order out of chaos in India, in China, and in parts of Africa. It is that curious mixture of character with energy that has been chiefly responsible for success; failures have been caused by ignorance and the defects of our educational system. It has been possible to select only a few of the great army of Britons who have served China, men who may be called leaders. But the rank and file, with but few exceptions, have also done work of great value. Various motives have stimulated their activities; often they have disagreed concerning general matters of policy. But they have, in the average, been true to the best traditions of our race. There are many graves in China where Britons who have served lie resting. If their names are forgotten in the old country, we can think of them as the rank and file of the army of pioneers who, like the leaders, maintained the prestige of the British nation.

CHAPTER XI

A CHINESE CAPTAIN OF INDUSTRY

DURING the last fifty years the native of China has made himself a factor of importance in many other lands. He is irrepressible except in his own country, where the official classes have so constantly opposed development. Europeans who have lived many years in China say that each of the Sons of Han is a bundle of contradictions. No people seem to cling to the past with such tenacity, and yet the natives of no country in the world attach such importance to posterity. It would, indeed, be possible to elaborate almost indefinitely the remarkable characteristics of the Chinese, but the present purpose is to demonstrate that the nation which superficially appears to have remained unchanged for four thousand years has produced at least one modern captain of industry. The romance of his career rivals that of any Westerner. For the late Towkay Loke Yew, Commander of the Most Distinguished Order of St. Michael and St. George, and Doctor of Laws *honoris causa* of a British university, commenced life in the most humble circumstances, and he died a millionaire.

In many respects the life of this modern Chinese may be compared with that of Mr. Andrew Carnegie. He left his native land as an emigrant at an early age. Mr. Carnegie made his fortune out of steel; Towkay Loke Yew acquired his wealth through the medium of tin. These two poor, untaught and almost friendless young men concentrated their attention upon the exploitation of the natural wealth of the country to which they emigrated. They commenced their careers

with almost every possible handicap. They lacked friends, connections, education, and money. They possessed industry, shrewdness, financial genius, and good health. After they had succeeded they used a portion of their wealth for the endowment of learning. Mr. Carnegie's benefactions are well known in Great Britain. It is probable that only those British citizens who are directly interested in the development of the Far East have heard of the curious bequest which Towkay Loke Yew made to the Hong-Kong University. It was both valuable and original: he made a loan of half a million dollars, for twenty-one years without interest, to that British institution. He had previously given 55,000 dollars. He had also presented large sums of money to a hospital, a technical school, and an 'Old Men's and Cripple's Home in the Straits Settlements. He presented aeroplanes for the war, and subscribed generously to war charities.

The province of China which is adjacent to the Colony of Hong-Kong is named Kwangtung. It contains about thirty-two millions of people, and the largest city in China. In a little village of this province Loke Yew was born and lived until he reached the age of thirteen. The only son of a family of five, he spent his boyhood in assisting his father to cultivate the fields. Then the astute youngster heard of the chances which Singapore offered. The story of how he obtained the necessary permission from his father to leave the ancestral district has never been written; but anyone with even a superficial knowledge of the Chinese, must know that the necessity of the family must have been as great as the persuasive power of young Loke Yew.

It was in 1858 that the friendless Canton boy arrived in Singapore. For four years he worked in a shop in Market Street, and at the end of that time he had saved about ten pounds. With that sum as his capital, he opened a shop, and traded under a name, or "chop," as it is called in the Far East, of Heng Loong. That was the origin of a firm which is now famous throughout the Malay States.

After five years of intense application to this first enterprise of his own, he turned his attention to other fields. Leaving his own business in the hands of a manager, he went to Matang Larnt, where he made his first mining profits. Then the Perak War came, and he took up military contracts for the supply of food. Success rewarded his early efforts in this district; but the wheel of fortune turned against him, and four years after his arrival in Perak he was left penniless. Even in times of disaster the Cantonese never loses his amazing industry and his dogged determination to make money. Loke Yew retained these native characteristics and also, at the crisis of his life, maintained his courage and natural cheerfulness. His subsequent stories about the difficulties of that anxious period showed that he had also a keen sense of humour. These qualities are unique, and they brought their own reward. The country upon which fortune frowned again began to flourish, and Loke Yew was one of the first to ride upon the tidal wave of prosperity. As he regained his wealth, he turned his attention to Selangor and other places in the Malay Peninsula. Everything that he touched turned to money. It is said that, despite his munificent gifts, Towkay Loke Yew was worth five million pounds sterling at the time of his death.

China is primarily an agricultural country and more than 90 per cent. of the population are directly dependent upon the land for their existence. They are a people who live close to nature. The remarkable youth who sailed south to find El Dorado made his fortune out of tin, but he remained always a son of the soil. He was one of those who cultivated the jungle. An eminently practical man, he disliked no proposal so cordially as the suggestion to cut down a full-grown tree. Like many rich men, he was most generous to what he considered a deserving cause, and he had the simple faith of those who love the land. An Englishman who acted as a private secretary for the Chinese millionaire told a story of him, at the time of his death, which reveals

the belief of Loke Yew. On one occasion the old gentleman was told about some piece of swindling, and his only comment was, "Tuan Allah will judge." It seems impossible to attach him to any particular creed or religion, but he most certainly believed in a just and all-powerful God.

He was active, and full of progressive ideas concerning the development of his business right up to the end, which came in the second month of 1917. He exceeded the span of life allotted to man by the Psalmist, for he was born in 1845.

In the Great Hall of the University of Hong-Kong there hangs a portrait of this benefactor of the university, the first great Chinese captain of industry. The boy who left "Canton more far," as the Hong-Kong Chinese call his birthplace, is portrayed as an erect but rather wizen-faced old gentleman, dressed in an English frock-coat, and wearing what, in the tropics, is a black silk cylinder of torture. But the large tall hat cannot hide the natural shrewdness of the face, nor disguise the nationality of its wearer. The portrait is almost a symbol of the man. He acquired the trappings of the West; the secretaries and the methods of exploiting the natural resources of the country of his adoption. But, just as beneath the silk hat and the frock coat of the West there remained the brain and body of the Oriental, so behind all of these modern accessories of industry there lay the Chinaman's love of the land, the affection for his home, and a deep desire to have sons to follow him to his grave. Therefore, the Westerner must not be shocked when he learns that Towkay Loke Yew had three wives. The first one, although probably of humble parentage, was a lady in the truest sense of the word; she saw her lord and master pass through the romantic and most critical stages of his career, and she bore him two sons and a daughter. Unfortunately, the male issue died. During the lifetime of the old lady, whose shrewd advice and never-flagging faith in the genius of her husband had probably been most instrumental

in building up his fortune, the Towkay took unto himself another wife. It is extremely probable that—as has happened in Hong-Kong to the knowledge of the writer—the first wife helped her husband in the selection of the second. The new wife bore him sons, to his great gratification, but both of these partners of his joys and sorrows died at times not very far apart. His widow was a young bride only a year or two before she became a widow. Two of his little children will never be able to remember him, for they were too young at the time of his death. There are three families who will share his great fortune, but there is no son or grandson old enough to take any share in the vast business which he built up. Only those who live among the Chinese can appreciate the hunger in the heart of this master of millions, who longed for a son to help in his work and to satisfy that craving which the science and modern methods of the West can never eradicate from the Chinese heart.

Towkay Loke Yew, if he had possessed the advantage of the education which thousands of the young Chinese of to-day obtain, would, in all probability, have figured as one of the great men of history. As it is he has won the fame of the pioneer. In the Straits Settlements he opened up the path of commercial enterprise along which hundreds of his countrymen have followed and thousands more will pass. In the Malay States and the Dutch East Indies the men of the oldest race on earth have shown their amazing industry and adaptability to the new conditions of life, which science has ushered in to almost every land but China. Upon the vast coast line of the fascinating republic of the Far East the waves of progress have been beating for half a century. Sometimes the granite rocks of conservatism and superstition keep back the tide; but always it breaks against them with renewed vigour. Suddenly a break is made, as in the case of the unexpected overthrow of the monarchy of the country. Some of us think that we can see signs of other changes with a people

peacefully inclined and possessed of many admirable characteristics.

It is because Towkay Loke Yew devoted his astonishing ability and ceaseless industry to the cause of progress that his life of industry should be made known outside of his own circle of acquaintances.

CHAPTER XII

HONG-KONG

THE Crown Colony of Hong-Kong is, of all the component parts of the British Empire, perhaps the most romantic and certainly one of the most remarkable. To the Briton it is at once an inspiration and a source of racial pride. No other nation, with the possible exception of our American cousins, would have transformed that barren rock, that pirates' lair of seven or eight decades ago, into the present hive of industry. It is an object-lesson. For Hong-Kong is a wealthy and a picturesque outpost of modern civilisation in China.

It is impossible to give an adequate idea of what Hong-Kong is like in a few words, but it is fitting to pay a tribute to the genius of the early forties, who saw that one of the most splendid harbours in the world lies between the little island of Hong-Kong and the mainland. For it is the roadstead which has made the British colony the clearing-house for South China. It has been said that a greater tonnage of shipping entered the harbour of this British colony in one of the pre-war years than that of any other port of the world. It is the gateway of the Far East, and the argosies of all nations have, in its short history, passed through it.

It is essential that the reader should note carefully the geographical position of this little island. Situated at the mouth of a river, it is only a hundred miles from Canton, the largest city in China. And Canton, the city of a million inhabitants, without a wheel or a beast of burden, is the capital of the huge province of Kwangtung.

And by Canton flows the great waterway of South China, which brings down the produce of a semi-tropical country to the ships which lie at anchor or alongside the wharves of Hong-Kong.

The Early Days.—Under the Treaty of 1841 the cession of Hong-Kong to the British was arranged. Previously the only places of residence for British traders had been in Canton and Macao, and their life in both places had been unpleasant and undignified. Repeated insults to British traders at last aroused British public opinion, and in 1840 there was a new tone in the Queen's speech. The British merchants in China had at last received the support of Her Majesty. There was a crisis between Britain and China. Either there must be no trade at all between the two Empires, or else the Chinese mandarins must cease to treat the British traders with open contempt and repeated indignities.

Dr. E. J. Eitel, a most impartial historian, and non-British by birth, remarks that it is difficult to say with perfect accuracy and in a few words how Hong-Kong came to be ceded to the British Crown, but he protests against the ordinary current accounts of the cession: "It is evidently unjust to say, what is commonly found stated in Continental and American histories of British intercourse with the Far East, that the English wanted Hong-Kong and they took it by force of arms." In actual fact, Hong-Kong, was offered by the Chinese officials as a residence for foreigners with the usual object of those officials—to gain time. They thought that they would easily persuade the British to leave it, or, at any rate, prevent any Chinese residing there. The Chinese historian says: "Hong-Kong was now offered, by Kishen, in addition to the opium indemnity," which later was due for the illegal seizure of what was, after all, an article of commerce. Dr. Eitel says: "This Chinese account of the second battle of Chuenpi is of special importance as it fixes the source from which the proposal to cede the Island of Hong-Kong to the British Crown emanated. It was Kishen and not Elliot who proposed the cession." The same Treaty that ceded

Hong-Kong as some sort of compensation for the many injustices and humiliations heaped upon the British traders in Canton by Chinese officials also arranged that "direct official intercourse between the two countries should be conducted on a footing of international equality."

It may be said that the general attitude of the British Government at that time was this: First of all, indifference to British trade; secondly, a nervousness whenever the word opium was mentioned, because of the outcry of ignorant but well-meaning humanitarians; thirdly, indignation at repeated insults to the British flag; fourthly, and finally, a pious hope, so common to all British Governments, that "things would settle down," and that the Chinese officials would be pacified and led into the paths of virtue. The acute Chinese officials took full advantage of a knowledge of these views.

The British Government behaved in a far from aggressive manner. Despite Palmerston's influence and Captain Elliot's recommendation, they were alternately nervous, almost apologetic, and certainly without any definite policy. They half-heartedly agreed to what they supposed would be a temporary occupation of Hong-Kong, or any other island suitable as a base for warships, but they had no idea that it would become a trade centre, and not even splendid trading optimists and workers like the brothers Matheson ever supposed that the barren island could become the centre of industry that it is to-day.

To Captain Elliot, R.N., and the British traders must be given any credit for foresight concerning Hong-Kong, and, of course, none of them looked far enough ahead to see, in imagination, the days of steamships, cables, and the Suez Canal. It was, indeed, just a story of "British luck and pluck"—most of the pluck being in the hearts of the British sailors and pioneer traders in China, and most of the luck coming many years afterwards by reason of British inventions.

During the first period of the history of Hong-Kong,

from 1841 to 1857, there was continual trouble with the Canton mandarins, one of whom (1842) "had secured the services of 3,000 Chinese residents of Hong-Kong who had promised to rise against the foreigners at the proper time." In his first circular, Captain Elliot explained that "Her Majesty's Government had sought no privilege in China for the exclusive advantage of British ships and merchants, and that he therefore only performed his duty in offering the protection of the British flag to the subjects, citizens, and ships of foreign powers that might resort to Her Majesty's possession at Hong-Kong." It was not until seventy-three years later, in 1914, that the flagrant abuse of the colony's hospitality by the Germans led to their deportation.

Captain Elliot, at the time of the cession of Hong-Kong, held the office of Chief Superintendent of the Trade of British subjects in China, and he held full powers under the Great Seal of the United Kingdom to execute the office of Her Majesty's Commissioner, Procurator, and Plenipotentiary in China. His first proclamation declared that the government of the island should be exercised, pending the further pleasure of Her Majesty, by the person filling the office of Chief Superintendent of the Trade of British subjects in China. That arrangement continued until 1857.

It is, therefore, the year 1857 that can be taken as one more or less typical of the early period of life in the colony. After that year Hong-Kong ceased to be the only point of contact with official China. The Governor became concerned with the Colonial Office, and not directly with the Foreign Office. From the British trader's point of view that change was unfortunate. To this day British trade in China suffers because at least three Government departments are concerned—viz., the Foreign Office, the Colonial Office, and the Board of Trade. It is suggested that, as the British consular service in China is an isolated service, as is the Hong-Kong cadet service, there should be one Government department to manage all British interests East of India. There would be better opportunities for pro-

motion in the cadet services of the Straits Settlements and Hong-Kong, as well as in the British consular service in China. And British traders in the Far East would deal with one Government department instead of with three.

After Captain Elliot came Sir H. Pottinger (1841-1844) as Administrator of the colony. He was succeeded by Sir J. F. Davis (1844-1848), Sir George Bonham (1848-1854), and Sir John Bowring (1854-1859). In the sixteen years (1841-1857) under consideration the officials and the traders came into frequent conflict. Strong influences were at work—one suspects Cobden and the Manchester school—to abandon Hong-Kong altogether. But happily better counsels prevailed, and Hong-Kong has been kept in British hands. Wisely administered by successive Governors, the headquarters of British merchants, the colony has gone from strength to strength. Its basic principle has been justice and fair play, though British residents have sometimes criticised the autocracy of this Crown Colony.

Concerning Trade.—Every vessel from Europe which passes north from Singapore calls at the British colony in China. Lines of steamers radiate to the Philippine Islands, to the rich Dutch East Indies, and to the Southern Seas as far as Australia; ships steam out of the harbour of Hong-Kong across the wide Pacific to North and South America. If shipping is the life-blood of the Empire, there are many arteries which come together in Hong-Kong. This small colony is—if we may change the metaphor—the hub of the commerce of the Orient. It needed hard spadework by the early pioneers to enable it to grow. The death-rate among Europeans in the early days was 64 per 1,000. Now it is about 14. For in the twentieth century war is waged on the mosquito and the plague-carrying rat; we have electric fans, machine-made ice, gas, and electric light; and our dwelling-houses are of reinforced concrete, with deep verandahs and furnishings equal to those found in London or New York.

Shipping is the life-blood of the colony, and for years

Hong-Kong was, in the words of an early Governor, "a sort of a bonded warehouse." Slowly, but surely, however, industrial development has taken place, until to-day there is every reason to believe that Hong-Kong will gradually grow into one of the most important manufacturing centres in the world.

The most prosperous and important local industry at present is shipbuilding. Ocean-going steamers are built at the two largest local dockyards. The various dockyards employ about 12,000 men. Not far away are supposed to be large quantities of iron ore and coal awaiting development. Once the mines of South China are at work and Hong-Kong obtains a supply of cheap iron and fuel, the expansion of shipbuilding and other local industries will be phenomenal. Although practically all of the coal is bought from Japan and the steel from Europe or America, it pays to build ships in Hong-Kong. A combination of cheap raw material, Chinese labour, and British administration may produce a result that will startle the world. The *Autolycus*, built locally with imported steel, and by Chinese labour, was 8,200 tons dead-weight. Her main engines were cast and made in Hong-Kong. Standard ships have been successfully built. With a plentiful supply of coal and iron from the adjoining districts, Hong-Kong may yet be the largest shipbuilding centre of the world. In less than seventy years the pirate-sailing junks have been replaced in the harbour by as much steam-driven tonnage as has entered into any other port in the world. Transformations take place quickly in these days of applied science.

The colony does not depend only on shipbuilding for its industrial life. It makes cement, rope, refined sugar, and manufactures all sorts of things—from glass and cigarettes to preserved ginger and cotton socks. The Taikoo sugar works is said to be the largest sugar refinery under one roof in the world.

The astonishing thing about local industries is that all of them seem to extend. The share market is a fairly good indication of prosperity. Some of the local shares

have increased in value, even in a few years, in a most phenomenal manner. The original ten-dollar shares of the local electricity supply company are worth sixty-three dollars, and the demand for electric current is so great that the company refuses to supply customers.

When the revenue of a colony increases from 300,000 dollars to 14,250,000 dollars in less than sixty years it cannot be denied that its trade is flourishing. An increase forty-seven-fold in six decades is an index of growth and prosperity. The possibilities of the future are great because of British administration and the remarkable ability of the Chinese workman. The Cantonese is a splendid artisan. What he lacks is executive ability. The work of organisation is now done by the European. The British seem to have a genius for getting the best results out of the Chinese workman. It may be quite true that the small native shipbuilder works his men harder and pays them less. So far as actual cost of labour is concerned it must be owned that Chinese seem to work with more economy. But the Chinese master wastes his labour because of inefficient machinery or the lack of any machinery, and also by indifferent organisation.

In no other part of China have the British the same authority they possess in Hong-Kong. That is why the industrial future of the place is so assured. Capital is safe, labour is cheap, and there is a wonderful market adjoining. But the home manufacturer need have no dread that he will be squeezed out. The demand in South China can be so stimulated that it will be much more than both Hong-Kong and Japan will be able to supply. But for this internal tranquillity must be achieved. At present the disturbed state of Southern China throttles commerce.

It is always dangerous to forecast the future, but it seems safe to say that in the next few decades Hong-Kong will develop quite as rapidly as in the past. It has gained a reputation as an educational centre for young Chinese, and it has attracted many residents because of the opportunities it offers to those who seek "Western learning."

CHAPTER XIII

CANTON AND SOUTH CHINA

CANTON, Macao, and Hong-Kong are all within easy reach of each other; the steamer services are well managed and the accommodation is good. The tourist who is passing through Hong-Kong usually spends one day in Canton and another in Macao. Each of these cities reflects, in its peculiar way, the characteristics of each of the three nations which govern it.

It may be true to say that Canton is not really representative of China; it is certainly in striking contrast with Peking. It can be answered, however, that Canton reflects the ideals of the people of South China. And it can even be argued that the Cantonese are a nation unto themselves. They differ in temperament from the Northerner of the provinces of Shantung or Chihli as much as the Irishman differs from the native of England.

Of the three cities Canton has the oldest history. At about the same time as the commencement of the Assyrian monarchy, let us say thirty centuries before Christ, the famous Chinese Emperor, Fu-hsi, earned a fame which will remain as long as the Chinese exist as a nation, and that means as long as this earth is peopled. He established writing and notation, the marriage laws, and various other innovations which we now include in our ideas of civilisation. His successor also was famous, and the next ruler of the Chinese, the great Huang-ti, was perhaps the earliest Empire builder in the Far East. During this reign there was a great movement of the Chinese people southwards. All early history is largely dependent upon legends for the statements made in its

name; yet it is probable, that long before the reign of the Emperor Yao (about 2,000 B.C.) Chinese colonies were established as far south as Tongking. Thus it is likely that the Chinese made their first settlement at the river-side where Canton now is, more than four thousand years ago. If so, they were independent, for it was not until the Tong dynasty (A.D. 618 to 907) that Southern China was formally incorporated within the Chinese Empire. While Europe was dark, except for glimmerings of light on some of the shores of the Mediterranean, the trade of Yunnan came hundreds of miles down the river to Canton. We read of the conquest of the city in 110 B.C.

It is, however, in its modern history that Canton is chiefly interesting. It was undoubtedly the first point of contact between European traders and the Chinese. Arab traders and missionaries spread themselves out eastwards and established factories in Java, Sumatra, and then in Canton and other parts of China. There is a record of an officer for overseas foreign trade in Canton in A.D. 763, some five years after the Arabs and Persians had pillaged and burnt warehouses in that city. Then in A.D. 1517 Perez de Andrade came to Canton, and contact with Europeans really commenced.

It cannot be said that for the next three hundred and fifty years the personal intercourse between the European traders who came by sea to Canton and the natives of the city was particularly happy. That is now, however, almost ancient history, and these events are mostly forgotten by the Cantonese.

The effect of this impact of the West upon the Cantonese was, however, very great. Although Canton was responsible to Peking and sent it tribute, yet it had a very large measure of home rule. The Southern Provinces were far away from the Central Government, the people were of a different temperament to those of the north, and they were, beyond all else, traders. The struggle for existence in South China has, for many centuries, been so keen that it alone may be held responsible for sharpening the wits of the Cantonese. That

struggle has had another most important effect. It has caused the Cantonese to emigrate to the Straits Settlements, to the Dutch East Indies, to America, Australia—indeed, to any part of the habitable globe willing to grant them admission. And wherever they went they have, by dint of rigid training and great industry and ability, proved themselves successful. Not only have they systematically acquired wealth in those places, but also gained knowledge. And both money and modern ideas have percolated from all parts of the world into Canton. Love of home is one of the principle tenets of the philosophy of every Chinese, and if necessity forces the Cantonese to emigrate, he never forgets his native city. He wants to return to it—if not living, then in his coffin.

Thus it has come about that, because of its geographical position, the natural cleverness of its population, and the emigrants who either return or keep always in touch with it, Canton has acquired European ideas more rapidly than any other centre in China. Perhaps that is why it has become famous as the centre of revolutionary movements in China. The Taiping Rebellion commenced there, and the city was the centre of Dr. Sun Yat Sen's earliest activities. Rebellions in China have been popular, especially with the people in the province of which Canton is the capital, because plunder has often offered to them the only chance of obtaining the food necessary to keep them alive.

The Walls of Canton.—China is a land of walled cities. There were pioneers of constructional work in China while our own ancestors painted their bodies; the Chinese saw ephemeral Persia, Babylon, Assyria, Egypt, Greece, and Rome rise and fall. The Chinese went on with their great works while those wonder-empires to the West were built up and broken up, and continued to make their canals, pagodas, bridges, and walls.

The work of the engineers of China is like the great characteristic of the race which fathered them, age-long and very stable. The Great Wall, the one artificial work of man on the face of the earth that may be seen by the

people of Mars, is one of the wonders of the world. It has affected, not only ancient China, but the whole world. To it can be traced the first cause of Europe's Great War, a fact hitherto almost unnoticed. For the Great Wall kept back the waves of nomadic horsemen from China, and the rebound from that mass of solid masonry sent them westward in search of plunder. Thus was Turkey established in Europe and thus did the Great Wall leave for this generation a legacy called "the Balkan problem." If the wave of Mongol horsemen had not been kept out of China by the work of the early Chinese engineers, the history of Europe and of Asia would have been very different.

The Great Wall still remains, but the walls of the cities of China are crumbling. The Cantonese themselves are now engaged in pulling their own city wall down, so that motor-cars and electric tram-cars may have a track around the largest city in China. The other city walls of this long-lived, undying people will also crumble and disappear when the inhabitants of the cities hear the throb of the internal combustion engine. Until quite recently, Canton was a walled city without a wheeled vehicle. Just before the rebellion of 1911 a British engineer commenced to build a road along the waterfront. When the "Bund" was completed rickshaws appeared, and now two streams of these man-drawn carriages flow between the railway terminus of the Canton Kowloon railway and the British Concession in Canton, which is called Shameen. The railway and the Bund were the shadow which told of the coming events, and now the wall of the city is disappearing. Western science is transforming South China.

The city of Canton has a population of more than a million people, and it is said to possess at present (1918) one motor-car. That is surely a record for any city of the same size that is accessible to ocean-going steamers. But soon, when the city wall has disappeared, a road, 100 feet wide, will enable wheeled vehicles to encircle Canton. They cannot penetrate the city unless there is a complete reconstruction. For in the matter of

thoroughfares Canton is unique. Only a Sedan chair can pass between the shops, and only at certain places can one chair pass another. Outside of the city wall there is a very large population and many thousands of families live in little boats on the river. But the internal combustion engine is changing water traffic around Canton. Motor-boats have made more rapid progress than motor-cars, for the traffic of China is like that of Venice—along the water-ways.

The Dying "Old Custom."—Canton is a city of contrasts between the old China and the new ideas of Europe. Out on the river one sees the wooden stern-wheel passenger boat propelled by a dozen men who appear to be walking the treadmill. There is no other motive power but human muscle for the paddle wheel which hangs over the stern. A snorting passenger vessel, obviously propelled by one of the latest type of internal combustion engines, using crude oil, easily passes the other. It is surprising to learn that the vessel and its four cylinder engine of about one hundred and thirty horse-power was made in Canton. There was no science about the making, no careful design, no "welfare work" for the Chinese mechanics who built it. Owing to a lack of legislation about patents the engine was copied, piece by piece, from one made in Britain or America. It was all so simple—since there is no patent law or copyright in China. Yet it is significant of the coming changes that the work was done without any European supervision or advice. It is, however, very much inferior to its pattern in quality and appearance. But the engine works.

There are other contrasts in Canton. All along the Bund are the tempting gaming-houses with their gaudy Chinese signs and other garish attractions. They are much more in evidence now than in the days before the Republic. The gay life in Canton never ceases; it goes on night and day, Sundays and other days. At short intervals there have been fits of ultra-righteousness, and the Government of Canton has then officially frowned upon vice. But Governments must have

money, especially the Government in Canton, and from the weakness and frailties of those who indulge in the gay life much revenue is obtained in China. In the midst of the gambling-houses and the restaurants frequented by those who will freely spend money upon opium, wine, song, and other amusements, there is the newly erected Y.M.C.A. building with its swimming bath and science lectures; while further down the Bund there is a well-equipped hospital in which modern science wages war against "old custom." In the early days Canton was the objective in the Far East of the merchant adventurers from Europe. The Honourable East India Company established a factory in Canton in the seventeenth century. The story of the company's relations with China is one which makes the patriotic British blush with shame. An onlooker in "the eighties" used words which explain the many difficulties which have since met the British in China. "That great and powerful corporation," he wrote, "which governed successfully Asiatic kings and princes and covered itself with administrative, financial, and even military glory, particularly in India, was entirely non-plussed by China's dogged self-adequacy and persistent assertion of supremacy, and had its glory, its honour, its self-respect rudely trampled under foot by subordinate Chinese mandarins."

The Workers.—The city has always been famous for its artisans. The writer, an engineer, gladly pays a tribute to the mechanical ability of the Cantonese workmen. They have a natural genius for machinery which ranks them second only to the Anglo-Saxon in "making the wheels go round." Asiatics in general take much more readily to the pen than to the file, or the lathe, but a Cantonese is usually practical, and his intense struggle for survival has left him with a definite constructive characteristic. When millions of motor-cars run over the roads of China, which are still unfortunately non-existent, and when aeroplanes are as common as steamers on the China coast, the drivers and the mechanics will be Cantonese. It is also very probable

that if any money is made out of the motor-cars, aeroplanes, or other modern contrivances, the Cantonese will obtain it. For if the native of the largest city in China does not work as an artisan he trades, and whatever his vocation in life, he makes money if he has half a chance.

The officials in Canton during the past eight years have seldom held office for long. It is, perhaps, unfair to criticise the present administration, but those preceding it pressed sorely on the shopkeepers and traders. There is dirt, squalor, and the most abject poverty to be seen in Canton; and yet the astonishing thing is that nearly all of the citizens seem cheerful. If only the whole of South China could be given the amount of law and order that confers such a blessing upon India or Egypt, Canton would become very much more prosperous. As it is, many of the people flourish despite the disadvantages which would make almost any other race give up the struggle. In the natural development of China's mines Canton must benefit, for the provinces around it have many minerals most valuable for modern industry. Recently there has been a rapidly increasing export of wolfram. Coal and iron could be mined and sold at a ridiculously low price. The day will come when the great trading instincts of the Cantonese will make them insist upon the development of these vast natural resources.

The Cantonese have all of the virtues necessary for success except one: They will not co-operate with each other. If only they would confine their energies to trade and leave politics alone, Canton would be a wonderful city. But unfortunately Canton is like Cork, only very much more so. Every political upheaval in China during the last hundred years seems to have commenced in Canton. At present the city is in the hands of a Government which defies the authorities in Peking.

The astonishing thing is that, despite turmoil, battle, murder, and sudden death, trade continues and increases in volume. The chief imports in the past have been opium, cotton goods, woollens, and sundries. But the

spread of European ideas in South China is having a remarkable effect upon the imports. In 1867 opium, cottons, woollens, and metals accounted for 80 per cent. of the imports; in 1905 they were 60 per cent. Enormous quantities of goods, not imported at all fifty years ago, find their way into South China in these days. Cigarettes, kerosene, aniline dyes, flour, matches, etc., are articles in great demand. Sugar from Java and the Philippines is refined in Hong-Kong and much of it goes into South China.

The New Trade.—A great opening exists for all kinds of machinery, and it is to that feature of future trade that the writer is most anxious to direct attention. Just at present the Chinese are simply enamoured of electric light. Every little town and almost every village wishes to instal a plant. The promoters are the Chinese themselves and they are usually influenced by the desire to make money. But the most encouraging feature of this particular trade aspect is not that the Chinese promote these schemes, but that they use such a great deal of electric light when they get the opportunity. This is the sort of thing that happens: A plant was put in to supply a town a few miles away from Hong-Kong. The Chinese promoters of the scheme canvassed the town and decided that they would make provision for about 3,000 lamps, each of sixteen candle-power. As soon as the machinery was at work it was overloaded. After three years the load has increased to nearly 20,000 lamps, and still the demand for electric current in that town increases.

There are difficulties in financing these schemes. It cannot be doubted that the Germans were, before the war, beating us in this particular line of business in South China. Their success was due to three causes. In the first place they gave long credits. They had no qualms about "squaring" anyone whose goodwill could be purchased. They were much more "hail fellow, well met" with the Chinese. They attended the very wearisome Chinese dinner-parties which commence at 6 p.m. and continue until 1 a.m. These

social functions are tedious, but they are important. The Chinese merchants are in the habit of doing all of their chief business in the places of joy, amidst the glare of a thousand lights, the din of the native music, and in an atmosphere which may be called "gay." Their outlook on life is not our outlook; they have a very keen appreciation of "having a good time," and they will rapidly transact most important business under the mellowing influences of good food, music, light, and singing girls.

Recently a wealthy British merchant discussed this aspect of Chinese trade with the writer. He said that he simply could not stand that sort of life, and he knew that he lost a good deal of business in consequence. He liked to have all his business transacted in his office. The result, which he did not state, must be that his *compradore*, or native commission agent, acts as a go-between. The *compradores* in South China have made a great deal of money in the past.

Britain and France.—A glance at the map will show that the two European nations most interested in the trade of South China are France and Great Britain. In former times there were political differences which are now happily forgotten. It cannot be doubted that one result of the *entente* will be that these two nations will have a common commercial policy for South China.

The four provinces which will yield immense wealth if properly exploited are Kwangung, Kuangsi, Yunnan and Szechuan. They have minerals of all kinds and in great quantities. They possess man-power in abundance, and the man-power is cheap. But they possess only the natural communication afforded by waterways; there are practically no roads. There is a short railway from Hong-Kong to Canton, and some day the railway from Canton to Hankow will be complete. That will make it possible to travel by rail from Calais to Hong-Kong. It will also make Hong-Kong the natural outlet of the produce of the wealthy provinces of South China.

At present the only railway of importance is from French Indo-China to Yunnan. There are many

projected schemes, but the war has interfered with them all.

The great problems for South China are simply stated. They are (1) to get machinery to the mines and the minerals down to the coast, and (2) to increase the agricultural efficiency of the provinces. Anyone who watched the industrious farmer of South China might well say that the land is subjected to intensive cultivation. But modern science machinery and methods of organisation could greatly increase the output.

For some two or three years the British were in occupation of Canton, and at no period of its history has that turbulent city been more quiet. To-day there are pirates and bands of robbers in these southern provinces. Plunder and violence are of frequent occurrence. The young Chinese engineer from Hong-Kong University who went through Kwangsi on a survey expedition thought it a good joke that their party was often mistaken for a robber-band, and provoked rapid preparations for defence. It is when the possibilities of trade are considered, when the value of the minerals and the other natural resources are thought over, that a stable government is longed for. It seems so childish that, in these days of economic efficiency, a handful of robbers can paralyse the trade of a district. It seems equally absurd that mineral wealth, which is so greatly needed, is lying idle in South China.

The Power of the Pen.—No account of the state of affairs in Canton would be complete without a reference to the newspapers, for the officials of the city dread the enmity of an editor more than anything else. Indeed, in Canton, in the matter of extracting money from officials, it has been said that the pen is mightier than the sword; and, as has already been explained, the latter is not without its success as a bank-note extractor. The native papers are read by the populace in ever-increasing numbers, but their comments on political affairs and human conduct are said to be often coarse and immoral. They have been likened to the scurrilous sheets of the Europe of a hundred years ago, their only

valuable asset being their license. There is no censorship, no authority to question their contents or their methods. 'It was the newspapers far more than the soldiers which brought about the defection of the Southern Provinces and caused the pitiful end of the would-be Emperor Yuan.

This constantly revolving engine of political unrest during the war derived much motive power from German gold. There can be no doubt that, at any rate until 1918, Canton was distinctly pro-German. It was, of course, always more or less anti-Japanese. It is difficult to say how much the newspaper opinion in Canton affects Peking, especially when one lives in the South; but the Germans worked the Press of the province, and ever to-day there are Cantonese who are distinctly pro-German.

Great use could be made of the Press in the way of educating the people of China to use modern machinery and appliances. During the last two or three years that aspect has been under consideration, and no doubt good will result.

The Future.—The pessimist has all he wants to make him gloat over the present position of affairs in Canton. He can, if he be so minded, find all of the evils of a democracy and most of the vices in human nature mixed up in the government of the city and the province. But when he has done all this, and paraded forth his tale of woe, there is still another factor not entirely political which must be taken into account. It is the Cantonese himself. He is an individual as remarkable as he is resilient. Nothing appears to crush him. He always seems to come up again out of the morass of misgovernment, bribery, persecution, and sedition; and he is ever quick-witted, industrious, and alert. He emigrates to the south, to Australia, or to America, and he always does well. He is a most law-abiding citizen in Hong-Kong or any other place out of China, and yet, in his own country, the Cantonese is a stormy petrel; he makes of politics more than a hobby; he lives saturated in an atmosphere of intrigue,

plots, and counter-plots. The amazing thing about the man is that he is invariably good-tempered. The officials mostly look like men who sleep well at nights—well-fed, and sleek, like merchants who are in a flourishing way of business. Nothing is, however, secure for them in Canton—neither their characters nor their lives.

At heart the Cantonese hates fighting, but somewhere in his complex nature there must be high courage or else a contempt for life, otherwise he could never remain under the present political conditions. If only he would also consider the welfare of his country, or even of his own province, he would be classed among the salt of the earth. Politically, Canton and its wealthy province is in chaos. In all other respects, Kwangtung is fortunate. Richly endowed by nature, there is by water a natural method of transport for goods, a clever, industrious population, and a climate that is kind to crops. Its sea-coasts and the great port of Hong-Kong provide its people with unique opportunities for foreign intercourse. The best that we can hope is that the Cantonese will soon realise that nothing hinders progress so much as the intrigues of political factions, and nothing prevents men from accumulating wealth so much as a bad and impotent system of government.

And when all is said and done, the writer frankly confesses that he finds the people of Canton very likeable. They are splendid friends to any European who deals fairly with them in business, and they never forget a kindness. To them must be given, also, full credit for the great commercial development of Hong-Kong and British Malaya. May they learn to trust and co-operate more and more with the Anglo-Saxon race.

CHAPTER XIV

SHANGHAI AND THE YANGTZE VALLEY

WHEN Europeans speak of Shanghai they are usually thinking of the International Settlement, which is governed by a municipality, and the centre of all the external trade. But behind it, there is a large Chinese city—a reservoir for native labour—over which Europeans have no control.

The International Settlement is in striking contrast with the native city, and no nationality has benefited more from its development than the Chinese. All nations seem to be represented here, but a feature of recent years has been the increase in numbers of the Japanese. It is not only a centre of trade because of the shipping which comes to the wharves; there is a new industrial China to be seen there. It is another splendid example of what can be accomplished in China when Anglo-Saxon energy and initiative co-operates with Chinese manual labour. For although almost every nationality has commercial interests in Shanghai, it can be said that the remarkable development of the place has been due mainly to Anglo-Saxons.

A Great Trade Centre.—The great highways of trade in China are the rivers, and the Yangtze is the largest river in the country, with numerous tributaries. It is possible to quote all sorts of figures about its size, and the large area of country which it drains, but they will convey but little idea of the great importance of this river. Ocean steamers can travel six hundred miles up the Yangtze to Hankow. And Shanghai is the port of this great river.

The railways of China seem to spread out like a fan, with Shanghai as the handle. The importance and the volume of trade of the Yangtze port will increase as the railways extend. The flourishing Far Eastern city of Shanghai is the London of China, even though it is not the centre of government. It may even become the Manchester of the Far East, for cotton mills are springing up in it with great rapidity. It must be understood that Shanghai is not only a great port; it is also an industrial centre. It used to be said in Britain that "what Manchester thinks to-day England will think to-morrow." The same might also be said of Shanghai and China. For Western ideas permeate into the vast area served by the Yangtze, and they pass on from Shanghai.

A very fair index of industrial progress is the electricity consumed in a city. The power load in Shanghai is very heavy. The electric generating station was designed by eminent London consulting engineers, and it is planned on the most up-to-date lines. There are only four or five cities in Great Britain with a larger output of electricity for lighting and power purposes. The rapid growth of the demand for electric power exceeds that originally supposed possible by the most optimistic supporters of the scheme.

The approach to Shanghai is as ugly as that to Hong-Kong is beautiful. It is thirteen dreary miles from the sea up to Shanghai, and the country is as flat as that of the Thames near Tilbury. It has been suggested that it would be much more convenient if the *entrepôt* of the Yangtze trade were nearer the mouth of the river. Navigation along that thirteen miles is difficult for large steamers of the *Empress* type. There is, however, a Conservancy Board which has done extremely good work in maintaining the waterway. It is the creation of foreigners.

It has been estimated that the value of land in the International Settlement at Shanghai has appreciated about three-thousand-fold during the last seventy-five years. In these days it is costly to live in a large residence either in Shanghai or Hong-Kong. The Chinese

have flocked into the International Settlement at Shanghai for business and political reasons. They appreciate such Western luxuries as good roads, schools, hospitals, electric light, and pure water. They know that trade, life, and property are more secure in the International Settlement of Shanghai than in their own cities.

There are shipyards in Shanghai, but the chief feature of the place are the huge store-houses, or "godowns" which line the river-front. These contain the exports and imports which make up the trade between Central China and other parts of the world. The rapidly extending cotton mills of Shanghai are very noticeable, and the Japanese are especially active in this industry.

It should be mentioned that the Shanghai silver exchange, or the price of that metal as quoted in Shanghai, affects the value of the currency of China. The rate of exchange varies from day to day, and there is, in consequence, a great deal of speculation.

The chief artery of trade in China is the Yangtze, and even when roads and railways spread all over the country that river will still remain of great importance. We may conveniently divide the great waterway of China into three sections—viz.: the lower Yangtze, the middle Yangtze, and the upper Yangtze. On the former, the route between Shanghai and Hankow—about six hundred miles—is almost entirely covered by steamers. There are, of course, many thousands of picturesque junks which carry the local traffic, but the important trade between Hankow and Shanghai is done by steamers. The only exception, perhaps, is that the Chinese Government has a monopoly of salt, and it always uses junks. But Sir Richard Dane has reorganised the Salt Gabelle of China, and he has gradually and successfully introduced many reforms. It is inevitable that the salt junks will be replaced in the near future by steamers or motor vessels.

Coal is brought to Hankow in rough wooden barges. Above Hankow the old time junks bring down the rice and the tea and carry back to the inland towns and villages from Hankow the foreign goods which the

steamers have brought to that depot from Europe, America, or Japan. From Hankow to Ichang the river is called the middle Yangtze. Not only do the natural tributaries carry the water-borne commerce, but there are also the connected canals. In one year the Tientsin trade carried on the Grand Canal was valued between three and four million pounds sterling, and it must be remembered that there are many canals in China.

Hankow seems destined to be the Chicago of China. An Englishman had carried through a scheme for rebuilding the city on modern industrial lines when the war prevented the export of capital. About ten million pounds sterling of British capital was to be used in creating the new Hankow. It was to have all of the advantages of electricity and water-supply of a modern city. It is one of three cities situated on the banks of a fork of the great river of China. There is obtainable a good supply of coal and coke from the Pingshiang Collieries. This coal will become available in Hong-Kong when the long delayed Canton-Hankow railway is completed. At present practically all the mining industry on a large scale is in North China, and although there are great possibilities in South China, the fact remains that cheap coal is only available in the north. And nothing stimulates industrial development as much as cheap coal. Hankow and the neighbouring cities have a very great advantage of position. They are right inland, but on the banks of a large waterway and in proximity to coal and iron.

The upper Yangtze is of great interest for two reasons. It is the waterway which connects one of the richest provinces of China with the sea. The only alternative to the junk at present is man-power. For if the products of Szechuan do not come down the Yangtze, they must be carried on the backs of coolies for hundreds of miles, over mountain gorges and through most difficult country. The other reason why the route is of interest is that it is so difficult and picturesque. For at this part of its course the river passes through the famous Yangtze gorges. Vast quantities of water swirl through deep

channels, sometimes not more than one hundred yards wide, with high cliffs on each side. The struggle to get past the rapids and whirlpools is exciting and dangerous.

The change in mental outlook of the Chinese people during the last twenty years is reflected in their attitude towards methods of locomotion. They use and purchase steamers and motor-boats. They have taken kindly to the iron horse. But for the war a great deal of new constructional work would have been completed by this time. It has been stated that the politics of China in the past have been railway politics. If the Allies could agree upon some scheme of criss-crossing China with railways now that the war is ended, the workshops of Great Britain would have plenty to do. At present there are only about eight thousand miles of railway completed and under construction. There is an almost entire absence of roads.

The provinces through which the Yangtze and its tributaries flow are very productive. Hankow is the centre of the tea trade. It is difficult to convey to the reader in Great Britain the conditions of this part of China, but a word must be said so that the density of the population should not be forgotten. Not only is the population dense it is exceptionally industrious. It is also intelligent. The struggle for existence has been so great that it is perhaps not surprising to find that those who survive are ingenious and hard-working.

The intense desire of even the working classes in Shanghai to learn the English language is remarkable. The Chinese in business, or the official with money, is always anxious that his son shall study what he calls "Western learning." The British and the Americans are doing their utmost to meet the demand. There are numerous schools and colleges in which the instruction is carried on in the English language.

The three great trade centres of North China are Shanghai, Hankow, and Tientsin. The latter city has had a phenomenal growth since the Boxer outbreak, but it has recently suffered very much from the effect of floods. It is the port of Peking, but Peking itself is not

a commercial city. It was built by the great soldier Kublai Khan. The Cantonese wish to move the centre of government further south, and that may take place. Chinese Gordon strongly urged a change to Nanking, which is about the centre of gravity of the country. It was part of the compact with Yuan in 1912 that the capital should be moved from Peking. But if Peking is not a commercial centre, like London, it must not be supposed that North China has no commerce. Tientsin flourishes because of the natural wealth of the adjoining provinces.

It must be realised that the Chinese are a nation of traders and they have been engaged in barter and exchange for many centuries. The peculiar system of silver currency, which varies almost from town to town, is really evidence of their trading ability. They love to barter. The exchange complicates matters, but it gives the merchant and the banker an opportunity to increase his profit.

Foreigners are inclined to under-estimate the vast internal trade of the country. There are no records of it. But there are certain well-known routes, and travellers have been very much impressed by the volume of trade done in places where the imports from abroad have not yet penetrated.

Our Interests.—The Yangtze has always been considered by the British as their particular sphere of interest. But it would be folly to suppose that, because the well-organised Germans have been at war with China, and have therefore been doing no trade, there will be no competition in the future. The remarkable rise of Japan has introduced a new and a well-equipped rival. The Britain of the Far East is our ally, and the British have every reason to be proud of the progress made by a nation which has learnt most of its applied science from our teachers. But let there be no illusion about the actual facts of the present and the probabilities of the future. The Chinese want cheap articles and they will buy from the cheapest seller. They have, in the past, instituted boycotts for political reasons, but that sort of

thing has not been entirely successful. During the European War Japan has had a wonderful opportunity to improve her industrial position, and she has taken full advantage of it. She has gained a firm foothold in Korea and Manchuria, and the traders of other nations say that they are unable to compete with Japan in those countries since she has obtained control of the railways. The British have always advocated equal opportunities for all nations and the open door in China, and it is very much in their interest and that of other European nations that the trade of the Yangtze should be free for all. As far as is known, Britain, Japan, America, and France are all agreed to maintain that policy. The Japanese have not only acquired a knowledge of applied science, they have shown that they can organise their commercial work almost as well, if not better, than the Germans. They have quickly created new industries. During the year 1913 Japan exported electrical goods to the value of less than £80,000; last year her exports were £421,000—more than five times as much as four years previously. It is estimated that this year (1919) her exports will be worth nearly three-quarters of a million pounds, as they were valued at £260,000 for the first three months. Nearly all of these exports are going into China. The price of electric lamps made in Japan as far south as Hong-Kong is far less than those from Britain. There are excellent modern factories for making these goods in Japan. There is also an abundance of cheap labour and cheap power obtained from the many waterfalls of the country. Nor must it be forgotten that the Japanese have shown that they can combine in order to develop their export trade.

There is, however, room for the surplus products of the factories of Britain, Japan, America, and other nations if only trade in China were also properly organised. The country can certainly absorb the goods. The Chinese could pay for all of the imported manufactured articles by developing the mines and other natural sources of wealth of the country.

The Municipalities.—The story of enormous increases

in the value of land can be told about other Treaty Ports in China, but probably Shanghai holds the record: Hong-Kong is administered as a Crown Colony, with a Governor and a Legislative Council, the majority of whom are Government servants. In a quiet way public opinion influences local administration. In the Treaty Ports the Europeans elect a municipal council. And usually the British members form a majority. All of these places have provided the Chinese with an object lesson. In place of corruption, favouritism, and neglect, there have been justice, efficiency, and progress. The government has not been, as in China, solely for the benefit of the officials. It has been planned entirely for the good of the governed. Such modern luxuries as good roads, security of life and property, schools, hospitals, drainage, and a supply of pure water are expensive. In order to pay for them, comparatively high taxes are necessary. These centres of European activity offered to the Chinese not only the great advantages enumerated above, but the wonderful opportunities of foreign trade. Time has proved that these things attract the most intelligent Celestials. Dockyards and many factories have sprung up; thousands and thousands of Chinese invest their money in British companies which, in turn, provide employment for many thousands of Chinese workmen. In the houses of these wealthy native merchants of the ports of China are to be seen pianolas and furniture from London, while they keep their own private motor-car, like any rich trader of the Metropolis. Their women wear costly jewellery, while their sons and even their daughters travel first class on mail steamers to Europe and attend the Universities of Oxford or Edinburgh or Paris, or any other place they fancy.

The romance of industry exists in the Treaty Ports of the China of to-day as in Britain or America. Sir Robert Ho Tung was, for many years, *compradore* of the Hong-Kong and Shanghai Bank in Hong-Kong. He commenced his struggle for success on a few dollars a month in the outdoor service of the Chinese customs. He is to-day a prominent and beneficent citizen of

Hong-Kong. That which has increased the value of the land, which has poured wealth into the pockets of the British and Chinese merchants, which has enabled British shipping companies to pay amazing dividends, can be summed up in one word—trade.

Shanghai seems in many ways to be the opposite of Hong-Kong, which is a typical Crown Colony. A commercial man is chairman of the Shanghai Municipal Council, all of the members of which body are elected. This Council is as enterprising as that of Glasgow. It spends its money boldly and obtains good value. There is a complete freedom of the "red tape" habits of British Government departments in this active municipality.

As already stated Shanghai is so situated that the approach to it is as ugly as that to Hong-Kong is beautiful. Some of the other ports in which the British congregate and trade are as ugly as Shanghai. The approach to Tientsin, the port of Peking, is quite as bad. The country is flat and muddy, the river a dark brown, and the vegetation contains very few trees. Dull, flat reaches of muddy land stretch away unbroken by hills.

In these places the British people trade. Both Shanghai and Tientsin are developing rapidly. Commercial and industrial life is growing and the price of land, that barometer of prosperity, continues to rise. The artists and the tourists, and the people who do not need to worry about money, say that modern industrialism makes all places hideous. A very thoughtful man once told me that he preferred Canton with all its smells and its diseases to Sheffield, with its smoke-stacks and its slums. Yet both are curable. We only tolerate Sheffield because we "muddle through" in Britain; but if the far-sighted town-planners had received some sympathy from the statesmen, such blots as the smoke-stacks and slums of Sheffield would not exist. Nor would the smells and disease of Canton. Progress is slow, but the days are coming when electricity will be transmitted to Sheffield from the pit's mouth, and the slums will be swept away by enlightened municipalities.

And the native city of Shanghai also will be built anew. Those of us who can, in any way, influence the design of the industrial China which is already beginning to appear must attempt to prevent the terrible mistakes done in the process of "muddling through" in Britain and the other countries.

Ocean Steamers Inland.—At the request of the Whangpoo Conservancy Board three eminent engineers have recently recorded their views on the future development of Shanghai as a port.* Although the financial aspect of the subject is not discussed the fact that the capital expenditure is estimated at tael 100,000,000 (say fifteen million pounds sterling) will give some idea of its magnitude. It is generally accepted that this report is a plain statement of what must be done to ensure for Shanghai its position as the largest centre of commerce in the Far East. There are signs that the Japanese do not intend to wait; an effort is being made to secure for Kobé the premier position for the shipping trade of the Pacific. "Here, then, comes in the report to show us how best the opportunity may be seized to secure for Shanghai that position in the world to which the history of the past seventy years undoubtedly entitles her."† The same authority says: "The report under notice shows how the necessary improvements could be made to convert Shanghai into a port two and a half times the size of Hamburg."

Shanghai is responsible for about half of the external trade with China. When we refer to the Yangtze Valley in the commercial sense we mean the bed of the river up to P'ingshan, which is the limit of navigation for all but very small boats. This river, with its feeders, drains one-half of the area, containing one-half of the population of the eighteen provinces.

The British were the pioneers of foreign trade on the Yangtze. One of the most notable in recent years was Archibald Little. Old established British firms in the

* "Report on the Future Development of the Shanghai Harbour."

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Far East opened up the great waterway, and for years it was always understood that the Yangtze Valley was particularly Great Britain's sphere of influence. At the time of the battle for the railway concessions great alarm was felt in British trading circles at the manner in which that fact was ignored. More recently rivals for the steamer traffic of the river have appeared, and the State subsidies for Japanese shipping puts the British owners at a disadvantage.

In addition to Shanghai, there are now ten ports open to foreign trade in the Yangtze Valley.

The extraordinary feature of this river is that it is navigable for ocean-going steamers for 600 miles from its mouth. The port of Hankow is unique in receiving at its quays vessels from all parts of the world, while it is 600 miles from the sea. The British merchants who know the Yangtze prophesy a vast increase in the trade, and the records of the past few decades support that view. Hankow is destined to become, perhaps, the greatest—certainly one of the greatest—trading centres in the world.

CHAPTER XV

THE SHIPPING TRADE

Foreign Trade of Shanghai.—During the year 1918 the direct foreign trade of Shanghai was nearly one-half of the whole total of China. Thus the Yangtze port still holds the place of honour, and those who are looking forward to a great development of trade will be encouraged by studying the recent returns. In spite of the Great War the trade returns of China have risen steadily since 1912; during 1918 it was the highest on record. In H.K. taels it was actually 1,040,776,113, an increase of H.K. taels 28,325,709 over that of 1917. It would appear from these latest returns that Shanghai has little to fear from the rivalry of any other ports at present; if the improvements recognised as necessary are carried out the enviable future of Shanghai is assured. It should be mentioned that, in the trade returns of China, Hong-Kong counts as a foreign country. Thus, in 1917, the British Colony took, in millions of H.K. taels, nearly 116, while Japan took less than 106, and Great Britain, 26, and the United States 94. Those were, of course, war figures.

The Chinese of Shanghai, like the Chinese of Hong-Kong, wish to take a part in manufacturing work. In Tientsin two new mills have been completed, both of 20,000 spindles, owned by Chinese, and equipped with American machinery. At Tsinanfu another mill, owned by Chinese, will contain 15,000 spindles when completed. Another mill at Wuhu will contain 10,000 spindles; while a new mill at Hankow will have 30,000 spindles and about 1,000 looms. The machinery for these last

three is British. But it is noticeable that the Chinese are making no great headway in territory not governed by extra-territorial law. Chinese officials "squeeze" any new industry, demanding as much as 50 per cent. of the profits. In Shanghai the population is rapidly increasing; land is becoming more and more valuable. A noticeable feature already mentioned is the great activity of the Japanese, who own several mills, in Shanghai, and who are planning more.

Thus it will be seen that there is a great future before Shanghai. Whether, in the course of time, Hankow will become the greater industrial centre is a matter of opinion. But it is a matter of fact that Shanghai is already a great trade centre, and it seems inevitable that it must grow rapidly.

The pioneers of the shipping trade in the Far East were the Arabs, and they were followed at a long interval by the Portuguese and Spaniards. At the beginning of the seventeenth century, the Dutch arrived in the China Seas. The first English arrivals came soon after the Dutch. The famous East India Company had obtained a foothold in Canton before the end of the seventeenth century. As has been already explained, all of the foreign commerce of China was confined to Canton until the historic Treaty of 1842. The movement of goods inland, to and from Canton, has always been made possible by the waterways. The introduction of steam-power has entirely changed the conditions. Not only are there liners and large cargo vessels plying between Europe and China, as well as between China and America, but there are what might be called local lines of shipping, whose business is entirely on the China coast, or on the navigable rivers.

The two nations chiefly concerned with the shipping trade of the Far East are the British and the Japanese. The rapid rise of the mercantile marine of the latter nation is a source of never-failing surprise and sorrow to the "old China hands." It was only about forty years ago that the Japanese began to cultivate modern science. Many of the pioneers who went out from Britain to

teach this Oriental nation engineering and naval architecture are still alive. Sir James Ewing, Professors Perry, Dyer, and others, are still able to relate their experiences in the universities or the shipyards of Japan. To-day you will find the flag with the rising sun, not only in all of the ports of China, but in the principal maritime trading centres of Europe and America.

A Famous British Company.—It is probable that of the steamship lines running East, the best known to people in Britain is that commonly called the "P. and O.," the abbreviation for the Peninsular and Oriental Steamship Company. Its ships run from London to Yokohama. Before the war, there was a fairly frequent service by this line; about two ships a month passed through Hong-Kong on each run. The company had a great reputation as pioneers, and there seemed to be a danger that it would be content to rest on that reputation. Of course, it was financially sound, and, indeed, paid handsome dividends, despite a certain ponderous lethargy in its management. It did not seem to consider the comforts of its Far Eastern passengers, and in the pre-war days many Britons who would have preferred to travel by British steamers booked on the German mail or Japanese ships. They said that they obtained better value for their money. Many of them talked about "galvanising" the management of this fine old British company into the adoption of modern ideas. Whether they took any action, or whether plans were formed which the outbreak of war nullified, is unknown to the writer.*

There always seemed to be plenty of cargo for the ships, and, perhaps, after all, the passenger traffic was not considered important. The journey from London, despite the attractions of Suez, Colombo, Singapore, and other ports of call, is at times monotonous, even with the luxuries to be found on a modern steamer. The P. and O. mail-boats would carry a passenger from

* The late Hon. Mr. E. A. Hewitt, Superintendent of the line for the Far East, did not disguise, in the course of private conversations, his dismay at the conservative attitude of the London management.

London to Hong-Kong in four weeks, but it was necessary to travel overland and join the ship at Marseilles. The single fare was about £75 to any of the ports north of Hong-Kong. The intermediate vessels took six weeks. They were, of course, not so comfortable as the mail steamers. The single fare was about £55, while the return journey cost between £80 and £90.

British Cargo Steamers.—There were, and are, other British lines running from the "home" ports to China, but their ships were not designed to carry many passengers. Perhaps the best known of these steamship companies is "The Blue Funnel Line," owned by Messrs. Alfred Holt, of Liverpool. There was a saying among the Britons in China that whenever one of the Far Eastern ports might be visited, there would always be found a ship of the Blue Funnel Line discharging or taking in cargo. Of all of the British shipping companies in the Orient, this seemed to have the first reputation for efficiency, and was increasing its maritime trade despite the growing competition of other nations. Other important British lines were, and are, the "Indo-Chinas," managed by Messrs. Jardine, Matheson, and Co., Ltd., the "Glen" and the "Shire" lines.

The famous French line of Messageries Maritimes sent perhaps the finest liners from Europe to the Far East. The Germans and the Austrians sent large liners and numerous cargo boats, but it is possible that these nations will not be again granted the privilege of coaling at Colombo, Singapore, or Hong-Kong. It was generally stated in China that all of the non-British lines running to that country from Europe were subsidised by the State, while those ships which flew the red ensign not only paid their way, but earned handsome dividends for their proprietors. The subject of shipping bounties is quite outside the scope of this book, but it is well to remember that conditions are changing, and that our keenest competitors for the carrying trade of the Far East are the Japanese. There is, of course, ample trade for all nations if China will only develop her natural resources. Meanwhile, it will be

wise of Britain to consider seriously the matter of retaining and increasing the carrying trade between Europe and China and on the Pacific.

From China to America.—Since the discovery of America by Columbus, the Atlantic has been an ever-growing highway of commerce, until to-day it is churned by the propellers of almost countless vessels. The Pacific, except where it touches the coasts of America and China, is still, comparatively speaking, deserted. And yet, if we glance at a map of the two oceans, we see that Nature has provided all facilities for encouraging sea-borne commerce on the Pacific. On the one side there is the coast of Asia, and on the other the well-harbour'd coast-line of America. To the south are the wonderful islands of the Pacific, including small continents such as Java, Borneo, Sumatra, the Philippines, and New Guinea. Still further south there are the large islands, one of them a continent. Nature has not only been lavish with the supply of natural harbours, but she seems to have been almost prodigal of her wealth in the lands which are washed by the Pacific. It is impossible to enumerate the articles of commerce which they produce. It is, however, safe to prophesy that the fleets which now trade on this great ocean are almost insignificant as compared with those that will traverse its waters in the century before us.

For the moment we will consider the great trade routes from China to America. There are ships which run across the Pacific to Canada, to the United States, and, again, others which run to South America. The best known line is probably that managed by the Canadian Pacific Steamship Co., Ltd., an offshoot which is still connected with the Canadian Pacific Railway. It is generally conceded that the two finest passenger steamers on the Pacific just now (1918) are the *Empress of Russia* and the *Empress of Asia*, both of which turbine-driven vessels were built in Britain. They run from Hong-Kong to Vancouver, completing the journey in about eighteen days. They call at Shanghai and the Japanese ports, and form a

link in the "all-red" route, by which the passenger from London can come to China via Suez and return via Canada.

The United States and China.—An American who has lived in Manila for some years, and has travelled in China, has left on record what several of his fellow-countrymen in China have told the writer. He says:—"American and English interests are necessarily very much interwoven, so that it is hard to tell at times where the one begins and the other ends, and in the aggregate these and added interests will ultimately form a great balance of commercial power in the Orient." There are British firms in Hong-Kong with offices in the United States. The two great nations have in common the English language and literature, and they have very similar ideas about government, religion, and commercial development. It would be absurd to suppose that they will not compete with each other for the commercial prizes of the Pacific. It would be equally fallacious to assume that the British alone can develop the natural resources of China. It is much better for British trade in the Far East that the energetic American should introduce his steam-plough into Manchuria than that the old Chinese methods of cultivation should continue. For the British ships carry to Europe the beans produced by American methods, while the wealth which the Chinese farmers accumulate probably leads to orders for electric light machinery or Manchester cottons. The sons and daughters of the United States are to be found all over China. They have, especially, during the last quarter of a century, profoundly affected the outlook of the wealthy Chinese. They have been successful as traders; they have given to Chinese officials much practical advice upon such vital subjects as river conservation, irrigation, and forestry. Coming from a country where education is encouraged and well endowed, they have thrown themselves, with their native restless energy, into the great work of supplying

* "Our Chinese Chances," Myron, p. 167.

Western service to the Chinese. Faced with grave political difficulties, due to the low wages paid to Asiatic labour in their own country, they have offered every facility for the Chinese students to enter their universities and their large engineering works. While many of the advanced theories of government which these young Chinese students have hastily absorbed in the American universities have been quite unsuitable for China as she now is, yet it must be said that the medical and other scientific work, which the Americans have carried out so well in the Far East, has been a boon to many thousands.

American Shipping.—The writer first travelled out to China from England via Canada and the United States. At San Francisco he commenced his journey across the Pacific on one of the steamers of a company which ran under the protection of the Stars and Stripes. It was called the Pacific Mail Co., and it owned four or five ships. Two or three years ago the company sold its ships and closed its Far Eastern offices, but it is again running ships to China. Americans said that the American company withdrew their vessels because of certain legislation in the United States. In some ways these ships reminded one of the P. and O. vessels, except that they employed Chinese instead of Lascars. Since those days the Panama Canal has claimed a good deal of attention from merchants and shipping agents in China. It has certainly brought the manufacturing Eastern States of America within much easier reach of China. It would be folly for the British to imagine that the opening of the Panama Canal will not increase the facilities for American manufacturers of electrical and other machinery to sell their goods in China. There have been, of course, causes connected with the war which have, during the last few years, handicapped the sellers of British engineering products. During that time the writer has seen many instances of orders for such goods going to America.

The Japanese Lines.—On the Pacific the flag of Dai Nippon flies where the red ensign is never seen. From

Yokohama the lines radiate to North and South America and southwards to Australia. There are no tramp steamers, but modern liners. They have not come from the Clyde and the Tyne, but from the shipyards of Japan. Great Britain has a very large trade with the England of the East, and a great deal of British machinery finds its way into Japan. The competition for the carrying trade of China is, however, real, and the Japanese ships are all over the Pacific. It is true that they are subsidised, but that does not alter the fact that these numerous ships carry freight, are efficiently managed, and provide employment for a very large number of Japanese. The Japanese mercantile marine, it is true, is not to be seen on the Atlantic. It is, however, very much in evidence on the Pacific, in European and in other seas.

The China Coast Trade.—There are British ships in the Far East which do what might be called the "local trade." They run about between the ports of the Dutch East Indies, Borneo, the Philippines, and China. They carry the flag up the Yangtze to Hankow, and then navigate the rivers to Canton and Tientsin. Most of them carry accommodation for about half-a-dozen or a dozen passengers, but they earn their living by carrying cargo. Of these British ships, those managed by Messrs. Jardine, Matheson and Co., Ltd., and Messrs. Butterfield and Swire, Ltd., are the most important. They are numerous, and equipped with modern appliances for the handling of cargo. They average about ten knots an hour, and are very suitable for the bad weather met with in the Far East. All of their officers are British, but the crews are Chinese. Some of these ships have been built in the dockyards of Hong-Kong, and that will be the tendency of the future. Towards the end of the war many of them were taken off the trade of the China coast. One of the most urgent needs is to increase the number of ships flying the red ensign in the Far East.

From 1867 to 1911, the shipping engaged in the China trade increased from (entries and clearances) 6,635,485

tons in 1864 (practically no Chinese shipping) to 82,206,497 tons (including 17,277,407 tons of Chinese shipping coming under the foreign customs); the shipping under foreign flags was then 68,929,090 tons, over ten times the figures of 1864. Of the total of 1912, of all flags, 26,071,482 tons were engaged in the foreign trade (including Hong-Kong), and 60,135,015 tons in the coasting trade. I have to thank Mr. Morse for certain figures given in a recent paper (December, 1919). He showed that in the two years the tonnage was divided between the different flags as follows:

			1864	1912
British	..	..	2,862,214	38,106,732
American	..	..	2,609,390	715,001
German	..	..	580,570	6,171,684
Japanese	..	..	756	19,913,385
Other foreign	..	..	527,967	4,022,288
Chinese	..	..	64,588	17,277,407
			<hr/> 6,635,485	<hr/> 86,206,497

In percentage the British flag has held its own, and has actually increased to thirteen times its old tonnage. The American flag has disappeared from the coasting trade, and is shown only on a few mail steamers.

A Chinese Shipping Company.—It is as well for Westerners and Chinese alike to face facts, however unpalatable they may appear. One of the most insistent, in connection with the development of China, is that it has never yet been possible for any really big industrial enterprise to succeed under purely Chinese management. In the Straits Settlements, and in other places, the Chinese can and do make a success of such undertakings. In their own country they do not. They have, however, combined together to form the China Merchants' Steam Navigation Company. A fleet of steamers, carrying the flag of the Chinese Republic, operates on the China coast. Concerning its profits and its disbursements on officials the writer knows very little; but these affairs do not seem to be conducted on lines which commend themselves to British accountants. The writer has met some of the British sea-captains of this line. They seem

to be quite content. It must be said, in justice to the Chinese, that most of the Europeans in the Government services speak very highly of their treatment.* The only thing that they ever seem to complain about is the Chinese habit of paying a man a salary, and expecting him to do nothing. A personal experience in travelling on a steamship belonging to this company did not impress me favourably.

The Other Lines.—The British are interested in various other local lines of shipping, which run between Hong-Kong and Swatow and Amoy, Hong-Kong and Canton, Hong-Kong and Macao, etc. On the river above Canton there are many motor-boats driven by engines made in Britain. It is difficult to imagine a better market for small motor craft. Kerosene is to be obtained almost everywhere in China. It is true that man-power is cheap and that several of the rivers are deep and wide enough to admit of steamers and large sailing junks. The fact remains that the motor-boat can provide a regular service. It can penetrate the tributaries and the creeks. It can be managed by native labour, if the native is properly trained. Indeed, the Chinese artisan seems to have a genius for mechanics. There is nobody more delighted than he is to run an engine of any description. All of the locomotives in China are operated by natives and so are the hundreds of steam-launches. It only remains for British firms who manufacture motor engines to push their goods in China. Many of them have already done so.

Freights in China.—It almost seems as if that, but for the waterways of China, very little cargo would be moved. "Wherever the Chinese have found a navigable river, they have, by a sort of instinct derived from pre-historic times, endeavoured to utilise it. Like everything else of which the Government of China takes cognisance, it is, however, to the last degree ineffective."* This latter sentence is a reference to the manner in which the Government of the country has concerned

* "Inland Communications in China" Journal of the North-China Branch of the Royal Asiatic Society, 1890.

itself with regard to the rivers and canals. It has taken little or no interest in the roads, or apologies for roads, in the country. It has, however, interfered in the matter of the waterways; but the knowledge displayed has been so crude, the corruption of officials so great, that it is probable that the result of Government efforts have been negative. Fortunately, on some of the waterways there are now European engineers with authority, and there is noticeable each year an improvement due to their efforts. The splendid service of lighthouses along the China coast is also due to the initiative of foreigners in control of the Chinese Customs service. During the European War freights rose to unprecedented figures on the China coast, as elsewhere, owing to the very great demand for ships. But before that event freight by steamships in China was expensive, as compared with the prices in Europe. It cost nearly as much to move cargo five or six hundred miles up the Yangtze from Shanghai to Hankow, or up the West River from Canton to Wuchow, as it did to carry it from Manchester to Shanghai, a distance of 9,000 miles. Although the expenses and risks are greater than in Europe, it was generally supposed that the profits of the shipping companies in the Far East were higher than most of those trading between the ports of Europe. When we return to normal trade conditions there will be keen competition.

CHAPTER XVI

THE RAILWAYS

THE British merchants in Shanghai realised fifty years ago the great advantages that would accrue to the foreign trade of China by the introduction of railways. At first they attempted to persuade the Chinese to allow them to build the railways. This was opposed in the masterly manner of the officials of that day. Later on the Chinese attempted to build and run their own railways. In 1899 the total railway mileage was only 317. Then came the great era of concessions, with foreign control. For a period (about 1912) Dr. Sun Yat Sen, first President of the New Republic, gave up the chief office of the State and took over the problem of the nationalisation of the railways. The present tendency is for China to raise loans from foreigners on the security of projected lines.

In considering the history of railways in China, it is only fair to remember the bitter opposition which met similar proposals in England.

The first effort to introduce railways into China was made in 1863. Some twenty-seven firms, mostly British, of Shanghai petitioned Li Hung Chang for permission to build a line from Shanghai to Soochow. The petition was not successful, but although Li opposed it then, at a later period of his life he encouraged railways in China. A few months later Sir MacDonald Stephenson, who, twenty years earlier, had projected the first railway for India, and had been closely associated with the development of railways in that country, appeared in the Far East. He wished to save China

from what he believed to be a possible disaster, but which he, was powerless to avert. He pointed out that "a comprehensive system decided on at the outset, and all lines made in conformity with it, would avert the evils of the English want of such a system, where in many cases double capital has been laid out for platform work which one expenditure could have adequately provided for." Foreigners of all classes, the Cantonese merchants and many others, supported the scheme of the great pioneer. But the Chinese officials quietly smothered it. •

The Woosung Railway.—The next effort was far less ambitious. It was to connect Shanghai with Woosung, about thirteen miles down the river. The methods employed by the promoters were open to criticism; for they, aware of the rooted antipathy of the Chinese officials to railways, bought up the land needed and announced that they would build a road. On February 14, 1876, a tiny locomotive, appropriately called the "Pioneer," made the first railway run in China. Although the British engineers on this line "were quite aware of the personal risks they might have to encounter," they thought that, after a triumphal opening, success had rewarded their struggles. But the Chinese officials had not been beaten. A little later a penniless coolie deliberately threw himself in front of the engine, and was killed. Riots were threatened; ultimately the Chinese Government took the line over at cost price. Soon afterwards the rails were torn up, the rolling-stock, etc., sent to Formosa, where most of the materials were stolen or made useless by neglect. A temple to the Queen of Heaven was erected on the site of the Shanghai railway station. It was a fitting monument to the triumph of conservatism, ignorance, and superstition.

Mr. George Kinder's Work.—At about this time a far-sighted Chinese official, was Governor of Formosa. The story of the railway built by British and Chinese on that island is of interest. The cession of the island to Japan in 1895 ensured rapid railway development in

that part of geographical China. Meantime a remarkable Cantonese, one Tong King Sing, had been using levers to push forward his own country towards modern industrialism. He had become Director-General of the China Merchants' Steamship Company, after being mainly instrumental in its formation. He wished to use Chinese, instead of Japanese coal for these steamers, and formed the Chinese Engineering and Mining Co., the first shaft being sunk at Tongshan (1878) under the direction of a Mr. R. R. Burnatt. The clever Tong had financially interested Li Hung Chang in his schemes. Both of them wanted to carry the coal to the sea. Mr. George Kinder was appointed Resident-Engineer for the proposed railway. The line laid was English standard gauge. On this point Mr. Kinder won the first of his many battles on behalf of British interest in China. The line was laid in 1880; the ingenious Kinder built what he himself called a locomotive of "very extraordinary design," for it was built up out of the old mining machinery and materials. It cost, exclusive of the value of the metal used, about £80 to construct. In 1881, exactly one hundred years after the birth of George Stephenson, inventor of the locomotive, this famous "Rocket of China" was christened. It was the thin end of the wedge used by the clever Tong, and the wily Li, to open the Chinese oyster. It made the name of Kinder immortal in the Far East. In 1887 the line became merged into the schemes of the China Railway Company, and the same year there was issued the first Chinese prospectus on record, with the British senior banking institution of the Far East holding the deposits. How Mr. Kinder continued his efforts, and was, in 1894, appointed Engineer-in-Chief to the Imperial Chinese Railway Administration is told in that admirable book, "Railway Enterprise in China," by P. H. Kent. It relates also the struggle of other British railway engineers. By an agreement with the Russians (1899), Britain undertook to leave alone any railway concessions north of China's Great Wall, and Russia promised to keep away from the railways

of the Yangtze Basin. The Russians and the Chinese intrigued for the removal of Mr. Kinder, who was admirably defended in the British technical press.

The fierce anti-foreign outbreak of the Boxers of 1900 created a new state of affairs. The British and the Russians administered certain sections of the northern railways, but in 1902 the Imperial Chinese Railway Administration resumed control, and owing to Mr. Kinder's progressive policy, and the commercial development of North China, a net dividend of 20 per cent. on the capital cost was earned in 1904.

"*The Battle of the Concessions.*"—As an outcome of the Chino-Japanese War there commenced (1899) "the Battle of the Concessions," as Lord Salisbury described the new efforts on behalf of introduction of railways into China. The story of the official diplomacy, the secret intrigues, the financial exploits, the international jealousies created by this "Battle," would fill many pages. We can only hurriedly pass them by, and state that in 1907 there were (approximately) 3,500 miles of railway constructed in China, 1,300 miles under construction, and 4,200 miles projected. In all, a total of nearly 9,000 miles. Considering only the population of the countries concerned, there were at that time between nine and ten times as many miles of railway in India, nearly eight times as many in Japan, and twenty-five times as many in the Russian Empire, as existed in China and Mongolia.

It is most important to note that "with the apparent exception of the German line in Shantung, there is not one line constructed, or where the construction is authorised, of which China has not secured the right, some time or another, to resume the sole control."

A State system has been evolved, but in China State control is invariably inefficient. Only the backing of the State, however, can overcome the local prejudice which still exists in parts of China. In the present stage of development, the State would heavily tax railways if precluded from their management. It is most important, for military reasons, for the Government

in China to have control of the lines of communication. There cannot be any competition for many years, and the State should be able to fix freights with a view to the commercial development of the whole country. The State should encourage the more even spread of the population in China, and that can be done only by means of the railways.

There can be no doubt that the advice offered to China by Sir M. Stephenson in 1863 was disinterested and sincere. He would have done for the railways what Sir Robert Hart has done for the Customs Service, and what Sir Richard Dane has done for the Salt Gabelle. The hopelessly ignorant reactionaries of the official classes of his day waved aside the golden opportunity, the promises, the claims of genius in the haughty manner which the mandarins in all countries have so often used towards science. The finances at the disposal of this engineer were sufficient to ensure the success of a uniform system. In the half-century which has since elapsed, all of the loans and interest could have been repaid, and China would have had such a network of railways that she could have guarded her frontiers, built up her industries, developed her latent wealth, and stood forth as one of the Great Powers.

Instead of these fruits, what is the position to-day? China has borrowed, often for non-productive purposes, such as indemnities, armaments, palace purposes, etc., about £125,000,000. She has been the centre of the "Battle of the Concessions," and she has suffered from almost chronic revolutions. She has made mistakes and caused delays, as best exemplified by the Canton-Hankow line. It is so much easier to prevent mistakes than to rectify them. China has complacently folded her hands with Oriental fatalism one day, and violently opposed the introduction of railways on the next, while on the third day she has been compelled to have recourse to the moneylenders. Even now a bold, clearly defined and promptly developed scheme of railroad construction would open out those wonderful gifts of Nature which China alone contains. But expert

'advice is essential, and that can only be obtained from men with experience. • To attack the subject in the piecemeal fashion of the past; to oppose a railway and then hastily to borrow money for other purposes on the strength of a concession for building it; to appoint dozens of useless Chinese officials, and to allow a centre of instruction, such as the Tongshan Engineering College, to fall into decay—all of these things cause the true friends of China, native and foreign, to despair.

About ten years ago a distinguished Frenchman, M. de Laboulaye, published an authoritative statement on Chinese railway finance, in which he traces out the history under three main divisions. First the "arms' length", or official opposition period from 1863 to 1895. Then the concessions or "spheres of influence" period, which ended in 1905. Then the "Young China" period, with its ignorant but patriotic demands for "recovery," and its almost childish belief that China would spread a network of lines without the finance or the engineering experience of the foreigners. *The Times* rather pointedly remarked on "the dignified silence" of this French writer on certain points. "He says nothing of the Russo-Japanese agreement in regard to Manchuria. . . . Nor does he criticise China's gross mismanagement of the Peking-Hankow line since its repurchase, nor the inefficiency and corruption which have strewn the path of provincial railway enterprises with wreckage and recrimination."

M. de Laboulaye mentions these three periods of railway construction in China. It is to be greatly hoped that there will soon commence a fourth period, when the money and the technical skill of the foreigner will be given a chance to make the railways of China confer those benefits on the country which its best friends desire.

The Trunk Lines of China.—In order easily to understand the railway work which has been done and is projected in China, it is essential to appreciate the general idea which is being worked out. At present we must accept the state of affairs that the Japanese have

the railways in Korea and Manchuria; the Russians were interested in the lines in Mongolia, although the Japanese will probably take over that asset. We will therefore, consider only China proper, and not the outlying dependencies. At present Peking and Shanghai are served with railways. It is possible to travel from the political to the commercial capital of China, and both are connected by steel lines with the great Trans-Siberian Railway. In the south, Canton is connected with Hong-Kong (about 100 miles), but the really great triumph will be when the line connecting Hankow with Canton is completed. There is also a line connecting the province of Yunnan with French Indo-China.

There will be, finally, three great trunk lines running from north to south. They spread, inland, like the lines of a fan from Peking. They will connect Peking with Shanghai, Peking with Canton, and Peking with Yunnanfu. The lines follow, more or less, the trade routes of the old Chinese highways. The latter have long since fallen into disrepair, but the huge stones used for paving are still to be seen.

There are also to be three main trunk lines from east to west across China. Just as Peking is to be the converging point of the north and south trunk lines, so will Shanghai be the handle of the fan for the east to west lines. These lines are to run from Shanghai to Chengtu and Shanghai to Yunnanfu.

The four great centres of interest to railway engineers are Mukden, Peking, Shanghai, and Yunnanfu. Hankow is also attracting railways, which is only natural, as it is often called "the Chicago of China." It is, of course, after Shanghai, the most important city on the Yangtze, and as ocean steamers can reach it, it only needs time and railways to become the hub of commercial China.

Yunnan is connected commercially with Hong-Kong and with French Indo-China. It is one of the most promising provinces in China with regard to mines, and even with the present crude methods of working and

transport, it exports copper, tin, antimony, and other minerals. A few months before the outbreak of the European War, the German firm of Carlowitz made a great effort to secure all of the concessions in Yunnan, as a reward for developing the railways of that province.

In 1912, the rich men of the three provinces of Yunnan, Kweichow, and Kwangsi met together in the hope of building the Yunnan-Kuelen Railway. They wanted to unite their interests with those of the promoters of the Szechuan-Hankow-Canton Railway. Unfortunately the director-general of both schemes became a rebel leader. Recently (1915-1916) these southern provinces have shown signs of a political federation, and it is not improbable that they may unite to develop railways.

The great trunk line from Peking to Yunnanfu will finally be extended into the province of Szechuan. There is a proposal to join Yunnanfu with Burmah. The two nations primarily interested in these railway schemes which will develop Yunnan are Britain and France. Despite the offer of Messrs. Carlowitz, Germany will find it difficult to push that scheme.

The Belgian Concession.—One of the successful countries in the efforts for the "peaceful penetration" of China by the railway was Belgium. It had no army, no navy to back its demands. It seemed to ignore the political manoeuvres of the other nations. Belgian financiers simply arranged loans, obtained concessions; and, although the Ministers of other Powers might not like it, there was the fact. The first real score was that of the Belgian syndicate which obtained the right to build a railway from Peking to Hankow. The Chinese, with the fixed determination that the integrity of their country could only be secured by playing off one Power against the other, did not want the Belgians to have the extension to Canton. So the Chinese sold the right to build this line from Hankow to Canton to the American-China Development Co. The Belgians just quietly bought up the shares. They made rather a mistake by replacing the American engineers by Belgians, for the

Chinese then quickly saw what had happened. The local gentry made such a noise that work was stopped. It was in 1905 that the American Development Co. turned over its right to the Chinese. The main trunk line, of 750 miles, from Hankow to Canton is not yet completed. Despite Americans and Belgians, with whom Russian and French banks participated, and Chinese, the work is not yet done. The British Hong-Kong is the port that will reap the great benefit from this artery of commerce, which should be completed as quickly as possible.

It must be confessed that this line has been peculiarly unfortunate. Canton, and the districts around it, frequently indulge in insurrections. It seems to delight to flaunt the Central Government of Peking. It is the great centre of the cry "China for the Chinese." It is a sad commentary on that cry to review the construction of this railway. If only the co-operation of the foreigner had been secured, trains would now be running from Hong-Kong to Peking.

The Belgians had won a commercial triumph in connection with the Peking-Hankow Railway, for they underbid the Americans, and secured the concession in 1897. There is no doubt that France and Russia were also interested in this line. It was instructive to see these two powers—France from the south in Indo-China, and Russia from the north in Siberia—seeking to join hands across China by a line from Peking to Hankow, and Hankow to Canton.

The next move by the Belgian financiers was the advance of a £1,000,000 loan in 1912 on the Peking-Kalgan line. Finally, the Belgians obtained a great prize when they agreed upon a £10,000,000 loan for a line to join up Chentu (in Szechuan) to Hsianfu (in Shensi) on to Taiyuanfu (in Shansi), and then to Tatungfu on the Peking-Kalgan line. Belgium also obtained the order to build the great trunk line, running east and west, which will connect Kansu with the sea. Thus she has two huge trunk lines of the six in China, which will certainly exceed 2,000 miles in length.

Despite the pitiable state of their own country, the Belgians still have some valuable assets in China.

The New Conditions.—Although a British firm held the concession to build a railway from Hong-Kong to Canton for twenty years, yet it was not until Sir Matthew Nathan was Governor of the colony that the work was done. It is owned by the British for about the first twenty miles, which is on British territory, while the remainder is administered by the Chinese. It was opened in 1910. Just before the war Messrs. Pauling and Co., Ltd., agreed to construct a line from Canton to Chunking. Britain has, of course, railway interests on the Yangtze, and further north British engineers manage the splendid railway works at Tongshan.

The situation has, however, been entirely changed by the war. For all practical purposes railway construction has almost ceased since 1914, because foreign gold is not available. China needs it badly. Whether, owing to the great changes in world-politics, the increase in the current rate of interest, and the death of Yuan Shi Kai, there will be revisions of the numerous agreements which have not yet been carried out, remains to be seen. What is quite obvious, however, is the fact that if the Allies set to work at once on the many thousands of miles of railways in China, they will create a demand for materials from Europe which will keep the workshops and the ships busy for several years. Forty years ago (1875) Sir Charles Dilke wrote as follows: "The making of railways throughout China will, in all probability, be accompanied by the starting of local manufactures upon an enormous scale." They will certainly be followed by an unprecedented demand for modern machinery. Britain will be well equipped for its production.

The Receipts of Railways.—There are at present six trunk lines in China under construction, with an aggregate length of 4,500 miles, while another 4,000 miles have been projected. The construction of these lines will necessitate great imports in the shape of materials. If the rate of construction is only 600 miles a year,

at the rate of £12,000 per mile for equipment, the annual expenditure would be over £7,000,000, or, say, £5,000,000 for imported railway materials. But if China goes on building railways for the next forty years, at that rate she will only have 30,000 miles, which is about seven miles of railway for each 1,000 square miles of area. Dr. Sun Yat Sen says that 100,000 miles of railway are needed in China. To give some idea of the success of Chinese railways it may be said that recent returns show that the Peking-Mukden Railway paid 17 per cent. on the capital cost of the line in one year (1915). The net receipts were over 7,000,000 dollars, whereas in 1904 they had been half of that sum. Taken together, all of the railways of China in 1915 paid over 8 per cent. on the total capital expenditure, and showed a balance of profit of over 8,000,000 dollars.

The chief lines in operation are the Peking-Mukden, 600 miles; Peking-Hankow, about 800 miles; Tientsin-Pukow, 627 miles; Shansi Railways, 151 miles; Taokow-Chinghua, 94 miles; Kaifeng-Honan-fu, 140 miles; Canton-Hankow (only partially built), 700 miles; Sunnüng, 63½ miles; Kiangsu-Chekiang, 240 miles; Shanghai-Nanking, 210 miles. All of these are administered by the Chinese authorities, but foreigners assist in administration and engineering work, on some of them. The Canton-Kowloon Railway (112 miles) has a British section in British territory, but most of the line is Chinese-owned. It will finally join up with the railway from Hankow. To a different category belong the following lines under foreign control. They are the Chinese Eastern Railway, 1,081 miles; South Manchuria, about 670 miles; Shantung Railways, 256 miles; and the Yunnan Railways, 289 miles. The exclusively Chinese built, owned, and operated line is the Peking-Kalgan railway; when completed, according to the original plan, this will be 400 miles long.

A Suggested System.—In one of the speeches made before the war ended, the purpose of which was to support the suggestions of President Wilson for a League

of Nations, Viscount Grey gave, as an instance of successful international co-operation, the Maritime Customs Service of China. It can be said, of that service, that it has been of inestimable value to trade. It is a pattern which has been copied in connection with the more recently organised Salt Gabelle. These two services now provide the only reliable sources of revenue for China. Both have been organised by Europeans; both have succeeded in spite of difficulties and intrigues which have had their origin in China. It is with pardonable pride that we may remember that both services have had eminent Britons at the helm. For it is a fact which must be remembered by theorists, who are apt to get away from history and practical experience when they talk of the League of Nations, that the British have had remarkable success in administrative affairs in Asia. The secret of that success has been the integrity and devotion to duty of those who have carried on the administration.

The time has come when it is very much in the interests of China herself that the system should be extended. Dr. Sun Yat Sen, who cannot be considered as one who underrates the ability or knowledge of his own countrymen, has recently (March, 1919) suggested, in *The Far Eastern Review*, a monthly Shanghai periodical, an enormous programme of constructional work under foreign supervision in China. "Since President Wilson has proposed a League of Nations to end military war in the future," he writes, "I desire to propose to end the trade war by co-operation and mutual help in the development of China, thus to root out probably the greatest cause of future wars." His programme is to build 100,000 miles of railways, 1,000,000 miles of macadam roads, to improve the old canals and to construct new ones, and to develop commercial harbours, docks, and communications by cables, telephones, etc. In addition to all of that he points out the urgent need of water-power, mineral and agricultural development, of irrigation work, and of reafforestation. He might have added that Siberia, Mongolia, Manchuria, and

other huge tracts of Eastern Asia could, if properly organised, absorb millions of pounds' worth of tractors and other 'agricultural machinery. They would then send out millions of pounds' worth of cereals, oil, and other vegetable products for which there will always be a large demand.

If we consider only this matter of road construction, we can see what might happen in China if the system of the Maritime Customs Service were to be extended. There would be a " Road Board " in Peking, with a staff of foreign and Chinese engineers in each of the eighteen provinces and also the outlying districts. The commencement of work would lead to a great deal of employment of native labour; brigandage would soon die out. Machinery would be needed for constructional work, and bridges, etc., would be imported from Europe and America; and as the roads became ready for use there would be an enormous demand for vehicles, motor-cars, light electric railways, etc., while transport facilities would set in motion the products of all of the provinces.

If we could find another Sir Richard Dane in India: a man with the same knowledge of road problems that Sir Richard Dane had of salt and its taxation, and if he could be given the same authority in his own department as Sir Richard had in his, another great step in the development of trade in China would be made. Let us remember the early beginnings of the great customs service of China, and try in some way to initiate a similar system for other undertakings—such as transport and public works. That would stimulate trade with Europe and America; but beyond any other country it would benefit China.

British Railway Engineers in China.—The part the British railway engineer has played in China is one of the most important in, at least, the modern development of China. The following will give an idea of some of their efforts. Mr. A. G. Cox is, I believe, the senior of the British railway engineers in China, and has been many years in the country, originally serving under Mr.

Kinder. He was on the Peking-Mukden line until he became the Engineer-in-Chief of the Canton-Hankow Railway at Hankow in 1911. I understand that he was successor to Mr. A. H. Collinson. The latter was appointed Engineer-in-Chief of the Shanghai-Nanking Railway in 1903, the construction of which commenced in 1904. Trains ran to Wusieh in July, 1906 (77 miles), and to Changchow (101 miles), early in 1907. The remainder was completed in the following year. Mr. Frank Grove was Divisional Engineer of the section Loochow-Chingkiang, and left in May, 1907, after forty-eight miles of the section were open to traffic. Mr. A. H. Collinson left in 1909, handing over the General Management to Mr. V. Pope, C.S.I., who came from India a year or two before. Mr. Pope, who was a traffic expert, handed over charge to Mr. A. C. Clear, who had worked up from an Assistant Engineership during construction to Engineer-in-Charge of maintenance, and thereupon Mr. Clear in 1914 became Engineer-in-Chief and General Manager. This railway is, under the terms of the loan agreement, *managed* by its Engineer-in-Chief and Manager, a nominee of the British and Chinese Corporation, Ltd., 3, Lombard Street, who raised the loan and represented British interests in the loan agreement. It is the only one in China that provides for full executive control by the foreign manager. There is a Chinese Managing Director, but he does not interfere in the management, but approves. The result is that this railway is now working well, paying 9 per cent. last year, and probably 10 per cent. this year, the loan requiring a 5 per cent. service only. This, in spite of the fact that there is strenuous competition by boats on the many waterways, including the Grand Canal (with which it runs parallel), etc. There is also competition by steamer between Nanking and Shanghai. However, it offers a striking instance of the ability of a railway well constructed and equipped (for many years the Chinese grumbled at its cost, £15,000 per mile) to compete under good management with boats and rivers. A great deal of the success

has been due to Mr. A. C. Clear, who is deservedly popular and respected. The Tientsin-Pukow Railway is under Chinese control, and now, I believe, pays, in spite of indifferent management. The success of the Peking-Mukden line is well known. Here rates and freights can be high, as there is little competition. British management is not as complete as on the Shanghai-Nanking Railway. Mr. Frank Grove was appointed Engineer-in-Chief of the Canton-Kowloon Railway in 1907, and survey and construction started in the autumn of that year. It was completed in October, 1911. The loan agreement does not provide for British management, only for maintenance of its works, after construction by a British Engineer-in-Chief, and the keeping of the accounts by a British Chief Accountant. This line does not pay. This is due to:

(1) The cost of the British section (due to tunnels, etc.), which thereby takes a larger proportion of *through* fares than its mileage warrants. (2) Bad management by the Chinese, who permit Canton copper and note currency to be accepted; therefore certain through fares taken in this currency mean a *loss* on cost fare, as this proportion claimed by the British section has to be met in Hong-Kong currency. (3) No effort of the Chinese to work up goods traffic and clear away "likin" barriers. (4) Failure to join up with the Canton-Hankow line north of Canton, round the city—an easy four and a quarter miles—costing £6,000 a mile; a large amount of through traffic is therefore lost, and it is taken by the steamers.

The Chinese have deliberately blocked this railway, and still persist in the nebulous idea of making a second port in the South of China to compete with Hong-Kong—a hopeless proposition. For that remarkable reason the Chinese people prefer to see this railway lose money; in fact, the more it loses the better pleased they are! During its construction there was a good deal of opposition and "piracies"—not Government opposition. There must have been at least fifty attacks at different times on contractors' camps, etc. In spite

of this, however, the line was completed in four years, including the survey and several large bridges.

Mr. Frank Grove left Canton in May, 1914, and was appointed Engineer-in-Chief of the Nanking-Hunan Railway, the survey of which, with branch lines and alternation of routes totalling 1,200 miles, was completed in September, 1916. It is fine country and a good proposition, and it is to be hoped that Mr. Grove will take up construction soon. He seems to be now waiting for financial affairs to be arranged. The British and Chinese Corporation, Ltd., is the principle factor in British railway enterprise in China, and was interested in the early work of the Peking-Mukden line, I believe, under another name. With the approval of the British Foreign Office certain loan agreements were entered into, the Corporation floating the loan and becoming sponsors for British bond holders.

It is very difficult to gain exact information concerning the progress of railway work in hand in China. But one fact emerges. The British railway engineer who would succeed in China must not only be competent on the technical side, but have the tact and knowledge of human nature necessary for success with the Chinese. As far as it is possible for an onlooker to form opinions, the three most successful British railway engineers in China to-day are Messrs. Cox, Clear, and Frank Grove, and the best friends of China will hope that they will have ample opportunity in the near future to carry out new construction work. No country in the world offers better prospects for railway construction. All that is needed is a little more enthusiasm on the part of the Chinese, and more genuine efforts to promote progress.

Since the outbreak of war in 1914, practically nothing has been done in the way of railway construction in China. It was thought that when the Armistice was signed some movement would take place, but as far as can be gathered nothing has happened. The railway problem is very much mixed up with finance, because the system has been to advance certain loans to the Chinese Government for the construction of railways under

definite stipulations, one of which was mentioned to the Engineer-in-Chief.

So far as British interests are concerned the chief firm interested is the British and Chinese Corporation, Ltd., the joint agents for which are the Hong-Kong and Shanghai Bank, and Messrs. Jardine, Matheson and Co., Ltd. The proposal at present is for the international consortium, which includes British, Americans, French, and Japanese, and which divide all loans advanced to the Chinese Government in equal shares to finance the railways. But the Japanese appear to desire to exclude Manchuria from this arrangement. If this is done it is rather difficult to understand why the British also should not wish to exclude their old "sphere of influence," the Yangtse Valley, and it is not improbable that if the Japanese had from the beginning agreed that all railway construction in Chinese territory should be done by the Chinese Government and financed in equal proportions by the four Powers, there would have been a great deal of work carried out by this time. Possibly before these lines are printed some satisfactory arrangements will be made.

CHAPTER XVII

THE MINES

THE United States might be cited as an example of a country which has built up its prosperity by a readiness to accept aid from whoever could give it. When I travelled across that continent on the railroad from Denver to San Francisco, my American companion told me with pride that the line had been built by British engineers with British capital. It opened up the rich mining and agricultural states of Western America, such as Colorado and California.

In China the Government of the country has hitherto paralysed all mining development by its laws. These are entirely illogical, and seem to have been framed by people either ignorant or irresponsible. Not only do they exclude the foreigner, with his capital and expert knowledge, but they prevent the Chinese themselves from indulging their latent spirit of enterprise, which seems only to show itself fully under the encouraging stimulus of Western government. For half a century the Chinese from Kwangtung and Fukien have been quietly developing the British and Dutch possessions in South-Eastern Asia. Many of them have prospered as merchants, mine-owners, rubber-planters and contractors. In the Malay States there are thirty Chinese millionaires, but not one of them will leave his tin-mining, which is protected by the British flag, to take up gold-mining under the colours of the Chinese Republic. They would like to do it, for the exiles from China still retain a love of country and people. During the last ten years, they have subscribed very large sums

of money in the hope of obtaining political freedom for China. In fact, millions of Chinese who have emigrated and developed South-Eastern Asia, as well as those in America and Australia, are willing and anxious to assist China to develop industrially.

Some of these Chinese come back in the hope of doing things. They have capital, experience of mining operations, and enough technical knowledge to know that well-trained experts must be employed on the work. But the rich seams of coal lie untouched, while the surface of the country, containing abundant iron, copper, gold, silver, antimony, and other precious minerals, is barely scratched. The foreigner, who has a knowledge of geology and mineralogy, and who can therefore see several feet under the native soil without digging, is regarded as a person uncanny. When the natives pick up coal from the outcrop it is all right; but when the foreigner suggests, by his knowledge of science, that wealth lies beneath the surface, the native has two distinct lines of thought. He argues that the foreigner must pay him *all*—not a part—of the wealth, whose abundance he doubts, but the mining cost he never considers. He also falls back upon his superstitions about the dragon and the tortoises imprisoned in the earth, and the difficulties about the bones of his ancestors.

The Passing of Feng Sui.—The dragon-winged monster which for centuries has guarded the hidden treasures of China is called *Feng Sui*. It is the doctrine of wind and water, and it has grown out of the great national cult of ancestor-worship. So far as the writer is aware, the practice of *Feng Sui* is not attached to the dogma of the three religious cults of China—Taoism, Buddhism, or Confucianism. The Westernised Chinese, who retains an affection for the philosophy of Confucius, recognise *Feng Sui* as crude superstition. Sometimes even the people inland, who have never travelled, laugh at it, but use it to force a good bargain if land is needed for public purpose. The building of the railroads gave the first great blow to *Feng Sui*. The profession of the

necromancers who cultivated the superstition, in the hope of eking out a precarious existence, has declined from even the small position it held. It is not a costly process to make these people sympathetically inclined to new schemes.

Unfortunately, with the passing of the old *Feng Sui* in the country districts, there has grown up the new *Feng Sui* among some of the officials. It is a set policy of exclusion of foreign capital and advice from mining operations in China. It is as fallacious as the old superstition; like the old *Feng Sui*, it is founded on ignorance; perhaps the new generation of patriotic Chinese will cause it to fade away.

Coal-Mining in China.—The industrial development of Great Britain, following on the works and researches of her inventors and scientists, has been due to the abundance of her coal supply. She has, from time to time, been obliged to import iron ore, but she has exported millions of pounds worth of coal.

In China the deposits of only one variety of coal, anthracite, are known to be enormous. The provinces of Shansi, Szechuan, Hunan, Honan, Shantung, Yunnan, Kiangsi, Chihli, and the three Manchurian provinces all contain an abundant supply of "black diamonds." At present the total production is about 20,000,000 tons annually, although recent trade returns lead one to believe that this has recently been greatly increased.

The history of coal-mining in China has been the same as the history of the Customs Service, the Salt Gabelle, and the railways. It has again proved that no large industrial concern can succeed in China under purely Chinese management. Co-operation with the foreigner is the only feasible plan. The latter can prevent the leakage of expenditure; the interested Chinese can deal with the officials in a manner no foreigner can fathom. It is certain that, at times, the European manager must turn his "blind eye" to the custom of "squeeze," but he can, to some extent, regulate it. Experience has taught those Chinese who have tried it that co-operation pays and produces development, whereas

solely Chinese control leads to the closing down of a mine.

It is believed that Japan has very nearly reached the maximum coal output possible from the land of Dai Nippon, but she will, of course, develop the coal mines in Korea and any other "sphere of influence" which she possesses on the great hinterland. In Manchuria and Shantung, it seems, lie stored the future wealth of the island kingdom. Up to the present the Japanese have attempted to monopolise the coal market of the Pacific Coast. Practically all of the steamers from Singapore to Yokohama and onwards across the Pacific burn Japanese coal. A European expert, reporting on some mines in the neighbourhood of Peking, said: "A mine established in this region, and consistently worked under good management, would give for many years a lump coal at a cost price of one and a half dollars at the mine." That is to say, three shillings at the pit-head, as against eight shillings at the mine in England. While it must be explained that the abnormal freights of recent years have greatly affected the price of coal in South China, yet it must also be said that, considering its calorific, or heating, value, Japanese coal is more costly in South China than is English coal in London.

The Kailan Mining Administration.—Kipling said that the harbour of Hong-Kong made him "swell with patriotism" when he visited it, because of the many steamers and the knowledge that "four out of every five belong to Us." When I visited Tongshan, the place made me glow with pride concerning my own countrymen. It was not only the well-equipped, efficient, and large railway-shops managed by British engineers; it was not even the technical college which British engineers had devised, designed, and equipped, while Chinese officials had not appreciated their energy, but had subsequently allowed the whole place to fall into decay; it was, more than anything, the story of the Kailan Mining Administration, and the sight of the shafts, the railway-trucks heavily laden with coal, and

the steamers at its port of Chinwangtao that made me think with pride of those little islands in the Western seas, whence came the men that made these things possible.

At the Tongshan coal mines there are four shafts. The electrical installation for pumping and lighting cost over £100,000. Some of its coal is nearly smokeless, and gives but little ash. The great output, however, is a coal bituminous and useful for raising steam, but with a good deal of slack.

It was in 1897 that the first colliery was opened at Tongshan. This was due, first, to the initiative of that very remarkable Cantonese, Tong King Sing, and secondly to his conversion of the great Viceroy, Li Hung Chang. Together they formed a mining company. While the shareholders were all Chinese, they determined to use European methods. Thus commenced the Chinese Mining Company, with its purely native control. It has already been explained that the first railway in China was built to carry the coal from this mine. Tongshan has a claim to be considered the Mecca of engineering in China Proper.

For twenty years this Chinese company carried on its pioneer work. It established a line of steamers in 1887. It borrowed money from Germans, two years later, to buy the land required for an ice-free port at Chinwangtao. But the upheaval of the Boxer outbreak, the weakening of the financial strength of these industrial concerns by the flow of their life-blood, money, from a wound called "squeeze," and the fact that it appeared to the Chinese managing director of the old Chinese Engineering and Mining Company, as if his property would be seized by the Russians, who had poured troops down from Manchuria, made the Chinese owners seek the assistance of the British. Curiously enough, some of the money needed by the foreigner to buy up the concern was raised in Belgium, and it was, and probably still is, a condition that, although the mines are protected by being registered as a British company, all of the engineers employed must be Belgians.

The next move of the Chinese, when they saw that all danger from Russia had passed by, was an attempt to recover the valuable property from the foreigner. As that did not succeed, they began coal-mining in the same district with the hope of undercutting the Anglo-Belgian company. Then the Chinese Government commenced negotiations to buy out the foreigner. But the revolution took place (1911), and the foreigner supplied the money to buy up the Chinese-owned competing mines. Major Natnan seized his golden opportunity. He now administers the two companies, which work as one. In the first year of the existence of the Kailan Mining Administration the profits were £295,000; of that amount about 40 per cent. is supposed to find its way into the pocket of Chinese shareholders.

It cannot be doubted that the difficulties which beset the Anglo-Belgian company disappeared when the Chinese interests became amalgamated with this company. The Kailan Mining Administration has again proved the value of co-operation between the Chinese and the foreigner. The whole of the foreign trade of China is done in this way, for the Chinese *compradore* is really an unlisted partner in all of the British firms in China. As the firm develops, so do his profits increase. It is the lesson to be learnt by newcomers in China. Success is impossible in all industrial undertakings unless the Chinese, as well as the British, are interested in making the business succeed.

This very remarkable pioneer industrial organisation known throughout the Far East as the "K.M.A." (Kailan Mining Administration) markets other commodities besides coal. It sells fire clays, and from its fire-brick factories produces many thousands of tons of fire-bricks. It runs its steamers, carrying its goods as far south as Java and Manila, where its tiles and its fire-bricks, as well as its coal, are in demand. In the seven years, between 1904 and 1911, the coal exported from Chinwangtao increased by about 160 per cent. It has equipped its wharves at the port with up-to-date

machinery. This port itself shows what can be done when initiative and enterprise are encouraged in China. It is one of the few northern ports which is not ice-bound. It is connected by rail with the interior. It can tap the mines and the agricultural produce of Manchuria. Nature seems to have intended it for the purpose. Tientsin is the river port, and Chinwangtao the sea-port. In the latter vessels drawing 22 feet of water can be unloaded, and the fact that the bottom of the harbour is soft mud is in its favour. The rise of Tientsin has been remarkable. The possibilities of Chinwangtao seem greater. It is placed about midway between Mukden and Peking. Tongshan and Tientsin are to the west, and Newchang to the east. The proximity of the coal-fields will make it the ocean port of industrial Northern China.

Japanese Mining Work.—The political future of the large province of Shantung, until recently a German "sphere of influence," has been much in the mind of the public. It seems that Japan has replaced Germany in that part of the map. In the province both "soft" and "hard" coal is found in the Poshan Valley. There are other minerals, including iron and copper. There is a good port at Tsingtao.

At present the Japanese are active in coal-mining in Manchuria. The best-known mines in that province are those named Fushun and Penchihu. The Fushun mines near Mukden are under the control of the Japanese coal ring. The output is bituminous coal. An average analysis seems to include about 50 per cent. fixed carbon, 40 per cent. volatile hydrocarbon, with less than 1 per cent. sulphur, 5 per cent. moisture, and the remainder ash. All of these Manchurian coals seem to be friable, with but little lump; none seem suitable for coking. The mine of Fushun produces in excess of one and a half million tons annually. It is owned by the South Manchurian Railway, which can fix any suitable rail freights, and the coal can be carried to the port of Dalny. It is significant of the interconnection in the modern state of politics and finance that the Imperial

Japanese Government guarantees the debentures of this huge industrial organisation called the South Manchurian Railway.

These two coal-mining centres administered by the "K.M.A." and the Japanese are not the only ones of importance in China. Just below Hankow there was a coal-mine from which a Frenchman was producing coal at a dollar and a quarter a ton, and selling it at four dollars a ton. The Hupeh Government, some years ago, bought him out for several thousands of pounds. After six weeks the mine was flooded owing to lack of proper supervision, and the hands of the clock of progress was put back. There is the Chinese Paochin Mining Co. interested in the very large deposits of anthracite coal in Shansi. It is believed that each square mile of the coal-bearing area is capable of producing twenty-two million tons of coal. And there are 6,000 square miles with that probability beneath them. But little progress has so far been made. Then there are the Pingshiang mines, which supply coal and coke to the Hongay Steel Works. The Japanese will probably supply the initiative required to develop these mines, and to efficiently run the steel works. When the Canton-Hankow Railway is built these mines will supply it and the area it traverses with coal. The Peking Syndicate mines anthracite coal, but in 1912 it had certain flooding misfortunes.

Other Mining Possibilities.—If we consider each of the eighteen provinces of China Proper by itself it is, perhaps, tedious, but it is instructive to see where the minerals are to be found. Since there is always more hope to develop propositions in provinces near the sea (or a large river), we will consider the six coast provinces first.

We have seen that Chihli, in which is situated Peking and Tientsin, has been already exploited to some extent by the "K.M.A." There is not much hope of other minerals in addition to coal and good sandstone. Shantung, the next province, was exploited by the Germans, and will be developed by the Japanese. It

is said to contain coal, iron, copper, gold, diamonds, and pottery clay. Kiangsü is most wealthy in agricultural produce, but shows little signs of minerals. Chekiang has no great promise, but Fukien is believed to be very rich in gold, silver, lead, and coal. Kwangtung, of which Canton is the capital, already imports machinery, but has not developed its minerals. It contains coal, iron, silver, copper, and lead. When the first two are properly worked, Hong-Kong will become one of the largest shipbuilding centres of the world.

If we now consider the six inland boundary provinces, we commence with the richest in minerals in the world. It is named Shansi. "The Provinces of China" says of this part of the earth's surface as follows: "The price of lump coal varies at different mines from 13 to 40 cents. (say 3d. to 11d.) per ton, the price varying less in regard to quality than in regard to the distance from places of supply. Cast and wrought iron works out at \$2.25 (say 4s. 3d.) a ton." It is also remarked that: "Nothing but the want of roads and civilised means of inter-communication prevents the development of the mineral resources of Shansi, and competition in the world's markets with the iron of Britain and America." It cannot be doubted that Shansi will contain the Birmingham district of China.

Shensi, the next province going westwards, has much iron and coal, and, it is said, large oil wells. It also possesses gold, nickel, and magnetite. Kansu also has extensive coal fields, as well as gold, silver, iron, and oil. Szechuan is one of the most interesting, the most populous (79,000,000), and the largest of the provinces of China Proper. It is right inland, but it is comparatively rich. Its mineral wealth includes coal, iron, copper, and gold, while silver, tin, and lead have been found. Yunnan, which marches to the south of Szechuan, is very wealthy in minerals. It has a great deal of copper, and also possesses antimony, tin, zinc, and lead. Minerals are exported from Yunnan, and the Government laboratory of Hong-Kong does quite a good business in this connection, which shows

that the volume exported is by no means negligible. The last border province of Kwangsi possesses unworked deposits of iron, copper, tin, antimony, and other metals.

Of the six central provinces, Kweichow is probably the richest, containing quicksilver, iron, coal, copper, and zinc. Honan has coal of the same bed as Shansi. Hunan also is well endowed with minerals, of which coal, is the chief. There are extensive coal deposits in Kiangsi. In fact, all of the provinces contain some minerals, and those that are well endowed are indeed most wealthy.

Of the outlying provinces, Tibet is supposed to contain much gold, but there is not much definite data on the subject. In Manchuria, Mongolia, and Chinese Turkestan there are minerals, but the only mines likely to be developed in the near future are those in Manchuria, under the direction of the Japanese.

If only China would frame mining laws to attract foreign capital, would employ foreign money and advice in the development of her mines, roads, and railways, the renaissance of the huge country would be one of the most remarkable events in the history of the world. The United States and Germany both developed the natural wealth of their countries in that way. China could draw large royalties from her mines; her people could obtain great wealth, and the world would receive that stimulus to action and trade which it needs so badly at the close of the great European War.

Other British and French Mineral Enterprises.—One of the earliest mineral enterprises in China was begun by Mr. Pritchard Morgan when he entered into a contract for opening mines in Szechuan with the Emperor of China in 1898. He obtained his concession, though, by Li Hung Chang, and recently, it has been said that the Peking Syndicate is interested in this enterprise. Mr. Pritchard Morgan consulted me early in 1912 on the matter, but the scheme seemed full of difficulties, and our own Foreign Office did not appear to be sympathetic. As a result of his early efforts the Eastern Pioneer Company was

formed, with a registered capital of £300,000, to provide finances for the contract. At that time there were several companies working on the mines in the Yangtsé Valley. The names of these were Pao Fun Mining Co.; Yangtsé Valley Co., under the management of Mr. H. L. Way; the Ningyuan and Yachow Prefecture; and the Szechuan Government Merchants' Co-operative Mining Bureau. All these companies were amalgamated with the Eastern Pioneer Co. Success and progress were expected, but unfortunately when the mines were commencing to get to work the Boxer rising compelled the foreigners to leave China. When the Boxer rising had been suppressed, Mr. Morgan and others returned to China as agents of the companies. The Chinese Government suggested a modification of the contract, and while under discussion the problem was suspended owing to the Russo-Japanese War in 1904 to 1905. In 1906 the question was again brought up, but the Chinese Government suggested that the contract should be cancelled on the ground that work had not been started after six months of the signing of the contract. The case was brought before the House of Commons, and afterwards the Chinese Government agreed to retain Mr. G. G. S. Lindsey's service in Peking in 1915. The work was resumed, but without success, owing to the "impossibility to come to terms on account of the altogether exaggerated opinion of their minerals held by the Chinese Government, and their want of appreciation of the disabilities suffered by mining under conditions of high transport costs and excessive taxation."

Another contract made in 1899 with the Chinese Government was that by Sir John Lister Kaye. The contract was signed for opening copper mines in Anhui, embracing an area of 400 square li, and for a period of sixty years. The prospects promised to be very good, but, owing to the obstruction of the local officials and the refusal of permission to export ores by the mines by the Government, the British shareholders agreed to be bought out for £52,000.

In many cases foreign enterprise in the business of mining in China has proved a failure. Several Britons have made efforts. For example, Mr. Archibald Little secured a contract to open coal-mines in the Kiangpeting Concession in Szechuan in 1898, but he had to be contented with 200,000 taels to sell back the contract to the Chinese Government, owing to the obstructions he met with from the local officials and natives. Another experience was that of the Yunnan Syndicate Concession. In 1898 a British company with half-British and a half-French capital was formed to work the mineral deposits in Yunnan. The contract specified seven districts of nearly 40,000 square miles, extending from the Tongking frontier to the Yangtse River. The mines then estimated were fifty-nine of silver, copper, gold, and tin. Although this contract was signed the native miners and gentry were greatly opposed to it, and a proclamation was issued by the local authorities prohibiting the selling of mines to foreigners. Thus the company experienced great difficulties, and in 1911 it accepted an offer of 500,000 taels to withdraw the contract.

In Shansi, too, Mr. Luzatti secured a contract in 1898 to operate the mines with a capital of £20,000, partly British and partly Italian. The area covered by the agreement was roughly the whole province of Shansi. Here again the Shansi gentry were active in their obstruction, and the syndicate had to give up its right for two and three-quarter million taels in 1908.

It must be observed that whenever a contract was made the syndicate had to agree to pay the usual tax, raise funds for local educational work, and to build railways for the benefit of transport and the public; also it was a condition that a certain amount of the profits made should be paid to the Government, and in some cases a certain amount of the capital must be Chinese. Although these terms seemed to be beneficial to the Chinese, on account of the area and time covered by the contract and the profits that were expected, it was perhaps not unjust for the local authorities and natives

to present obstructions, especially when some of them had shares and interests in their own mines. But the Chinese need foreign loans to open their mines and resources, and it is hoped that when a contract is signed the rights and benefits should be equal, and misunderstandings between all parties should vanish. It is obviously a good principle that both the Chinese and the foreigners should benefit from the development of the mineral resources of China. For the foreigner can supply the knowledge and experience, while the Chinese can assist very much in overcoming difficulties and prejudices which have operated so much in the past to the detriment of China.

During the last four or five years a great deal of wolfram has been exported from China. Tin is an important export—about 8,000 tons were sent out of the country in 1915. That is about 6 per cent. of the world's total production. In antimony China occupies quite a unique position, for since 1908 she has produced more than half the world's total production. More than 90 per cent. came from Hunan. Zinc, lead, and silver are also produced. In 1915 there was produced 456,300 pounds of mercury, most of it from Kweichow. Petroleum and salt must be mentioned, and it is believed that there is a supply of potash salts, so badly needed in agriculture. But it must be remembered that China has had a mining industry for centuries. What is needed more than anything is the application of modern methods and machinery.

CHAPTER XVIII

SOME BRITISH "HONGS"

ORIGINALLY the word "hong" meant a monopolistic association of Chinese merchants under official sanction. It was an integral part of the commercial system of Canton. In the middle of the eighteenth century an Imperial edict prohibited trade with ports other than Canton. In those early days there commenced the struggle which continued all through the nineteenth century between Chinese officials—not the Chinese people—and foreign traders. The two great questions were: (1) The conditions of commercial intercourse; (2) the legal control over foreigners. On both questions the Chinese officials, as was the tradition in official circles, considered only themselves. But, as was the case in Europe of the Middle Ages, the officials had a contempt for trade. A body of merchants, called the "hong," was granted a monopoly of the most valuable part of the foreign trade of Canton. They were responsible to the Government for the good conduct of the foreigners, and they paid sums of money to the officials for their monopoly. You may call such money "duties" or "squeeze," or even "bribes," but it was the official system, and we must not blame those early Chinese officials too much. That was the orthodox way of filling official purses. In a sense the East India Company was the British hong, as it had, by charter, a monopoly. Thus, both the Chinese and the British hong objected to "Free Trade." The average profits of the Company on the China trade from 1815 onwards were over a million sterling per annum; for the last

years of its charter the Company dealt only in tea, leaving other Chinese produce as privilege trade to its servants or to private traders. The cost of the Company's factory at Canton, including salaries of the President and Select Committee and other officials, was £89,000 per annum. In 1833 three Superintendents of Trade at Canton were appointed by Order in Council; the monopoly of the Company was abolished. By the Treaty of Nanking (1842) the Chinese hong was also abolished. In Canton, in the fifties, there were the thirteen hong, where foreigners were allowed to trade, and you can see the site now.

• *The Leading Firms.*—It is a little difficult to write about the great commercial firms controlled by the British in China without laying oneself open to the accusation of desiring to favour some of them at the expense of the others. However, typical examples of present-day British enterprise in China have been chosen, and one reason of their inclusion is that the author has met eminent officials able to produce facts from memory.

The four largest British concerns are Messrs. Jardine, Matheson and Co., Ltd., the Union Insurance Society of Canton, the Hong-Kong and Shanghai Banking Corporation, and Messrs. Butterfield and Swire. The Chinese names for the first and last are "Ewo" and "Taikoo." The Chinese word "hong," or business-house, is invariably used by British residents in China when referring to them or similar firms, and the man who is the local head of the business is called a "taipan."

It is difficult to gather up the threads of the early history of British commerce in China, but several old residents in Hong-Kong have informed me that Messrs. Gibb, Livingston and Co. is the British hong with the longest history. That firm to-day cannot compare in size with those mentioned above, but it has very valuable assets in its history and connections.

In the early days of the British in China trade was very much under the control of a few large hong, the

most important being Messrs. Jardine, Matheson and Co., Dent and Co., Gilman and Co., Gibb, Livingston and Co., and Russel and Co. These hong^s kept open house, and their staffs lived in messes carried on at the expense of the firm, as were the hospitable establishments of the principals. There was rivalry, not only in business, but in social affairs, and so great was the keenness in sporting events that Australian and even Derby race-horses were imported by these firms in order to carry their colours to victory at the Hong-Kong and Shanghai races. It was inevitable that the effect of all of this was extravagance, but it must be said that the generous and freer life, together with the closer association with seniors, gave young men of ability more opportunity to become leaders.

It was in 1864, at a tiffin party in Hong-Kong, that some bold spirit suggested the formation of a local bank. At that time merchants in both India and China were feeling restless under the autocratic and unsympathetic behaviour of the banks directed in London. And thus there commenced, in a very small way, the remarkable institution of which a short history is given below.

The Hong-Kong and Shanghai Banking Corporation.—In the Far East, when we speak of "the Bank," we mean this institution. It is a great asset to British trade, and, in common with other examples of British enterprise in China, it has grown in prosperity and influence much more rapidly than was considered possible by the most sanguine of the original promoters.

The head office is in Hong-Kong, and the Directors are the *taipans* of the chief commercial houses. Rumour says that the local manager of "the Bank" is the most highly salaried Briton in China, and the rumour gives a hint of the great responsibilities which he carries. The writer was given the privilege of spending several hours in his "parlour" with the object of finding out something of the history of "Wayfong"—to use the Chinese name of this important hong. The first

annual report of the meeting of shareholders is dated 1866, and is really most insignificant—almost amateurish—in appearance. The paid-up capital in that year was two and a half million dollars, on which 8 per cent. was paid as dividend and about 25,000 dollars of profit used for other purposes. In 1867 we see that 12 per cent. dividend was paid, and similarly in the next year, when, says the report, "the growing success of the Bank . . . would have justified the Court in recommending the distribution of a larger dividend"; but, "faithful to the policy to which they have always adhered, the Directors consider it more conducive to the true interests of the Corporation to continue strengthening the Reserve Fund by a liberal appropriation out of realised profits." The story of the next few years is one of great prosperity. In 1879 the capital was five million dollars. In 1889 Mr. Noble was the chief manager, but Mr. T. Jackson was present at the meeting of shareholders held in Hong-Kong. The paid-up capital was then seven and a half million dollars, and the deposits more than ten times as much. In 1899 there is a remarkable item in the accounts called the "dividend adjustment account." It was due to the "difference in exchange between 4s. 6d., the rate at which the dividend was declared, and 1s. 11d., the rate of the day." This was merely an adjustment, and was not due to any sensational fall in the value of the dollar, which was fairly steady in 1899. Since 1899 "the Bank" has extended its activities, and to-day it is the chief medium for loans from Europeans to the Chinese Government. The dynamic force of "the Bank" in London, since the death of Sir Thomas Jackson, has been Sir Charles Addis, who has recently become a Director of the Bank of England. Sir Charles passed many years of his life in the Far East, and is probably the greatest living authority on the finances of China.

As we look back over the past history of "the Bank" we find the following personalities, all of whom built up the institution. David Maclean, the first manager in Shanghai, like many another Scot in China, was very

quiet and self-contained, but he possessed a kindly heart and a sense of humour. One who knew him informs me that he "was very shrewd, and he had the gift of being able to say 'No' to a client in such a way that the man would go away feeling that Maclean was right." Ewen Cameron succeeded him in Shanghai. He was a generous and public-spirited man, and finally was for many years the genial and popular manager in London. His knighthood was an acknowledgment of his valuable services cheerfully given to the British Government in connection with British interests in China. But of all the men of commerce in China none occupied the position of "T. J.," as Sir Thomas Jackson, Bart., was called. He believed in China, and he believed in his Bank. "He was generous to a fault—always ready to lead in anything for charity or the public good. He never forgot old friends, and no friend in need ever appealed to him in vain. For most of his life this remarkable man was able to carry lightly his great responsibility, but towards the end the cares and anxieties of the Bank seemed to affect him. Yet he established an esprit de corps among the employees of the Bank, which is now a tradition and a most valuable asset. It has set a standard which is followed by all of the British in China engaged in banking.

"*The Ewo Hong*."—The original founders, one Jardine and two Mathesons, were remarkable men. These three were perhaps the most resourceful and the most respected of that little band of pioneers in Canton who challenged the monopoly of the old East India Company, and who settled in the then tiny Colony of Hong-Kong. The Mathesons were brothers and men of great enterprise; the name figures in the list of a Merchant Committee of the early Canton days, elected to suggest to Sir Henry Pottinger the terms for the first treaty with China. A Matheson was the first British merchant to store goods on the island of Hong-Kong. The headquarters of the "Ewo firm" in China, originally in Macao and Canton, are now in the colony.

• The founders of the firm evidently had faith in the Chinese people even if, in common with other British merchants of the early days, they had difficulties with the Chinese officials. It is worth while quoting from a speech made by Dr. Jardine in Canton in 1839, when he was leaving China. He said: "I have been a long time in this country, and I have a few words to say in its favour. Here we find our persons more effectually protected by the laws than in many other parts of the East, or of the world. In China a foreigner may go to sleep with his window open, without being in dread of losing either his life or his property, which are well guarded by a most watchful and excellent police, whilst both are perilled with little or no protection in many other states; business is conducted with unexampled facility, and in general with singular good faith, though there are, of course, occasional exceptions which only the more strikingly bear out my assertion; neither would I omit the general courtesy of the Chinese in all their intercourse and transactions with foreigners. These and some other considerations are the reasons why so many of us so often revisit this country and stay in it so long." But in 1834 a native official referred, in a public document, to "the barbarian Jardine residing in the Creek devil factory," so evidently Mr. Jardine was of a generous mind when he made his speech five years later. The fact was, of course, that the Chinese then, as now, had fine merchants, but untractful officials, and Dr. Jardine, in spite of official irritations, was what we now call "pro-Chinese," recognising the evils of official life, but also the good in the merchant and other classes and in the individual.

The first beginnings of the firm were the voyages of Dr. William Jardine, at one time an officer in the service of the Honourable East India Company. From the earliest days there were associated with him Mr. James Matheson and Mr. Hollingworth Magniac. The doctor made voyages between India and Canton, and the other partners disposed of the goods. In 1827 the business had grown so much that both Dr. Jardine and Mr.

Matheson found it necessary to take up residence in Macao, moving to Canton in the season. In 1842 the firm transferred its headquarters to Hong-Kong, where the isolated promontory at East Point was purchased. There were built the godowns, the dwelling-houses, and a slipway for hawling up and repairing the schooners and the brigs employed by the firm in the coasting trade of the day.

It is an axiom that the "Ewo" *taipan* is always a member of the local Legislative Council. He is also, almost automatically, it seems, a director of various local companies, such as the Hong-Kong and Shanghai Banking Corporation, the Hong-Kong and Whampoa Dock Co., etc. It also seems to go without saying that he is a steward of the local Jockey Club. In the Far East the British refer to this "hong" as "the Princely House." There is, indeed, something splendid about the "hong" which fits in with our preconceived ideas of life in an Oriental country. There is a sort of a *noblesse oblige* attitude which you notice on all occasions, whether in connection with philanthropy, sport, or public life. You cannot imagine this "hong" squabbling about petty details, and you would not expect to have the races, a golf competition, or a parade of local volunteers without seeing it well represented. There is a story that a British member of the Chinese Maritime Customs Service received a kint from headquarters that he was playing cricket too often, and he was so indignant that he resigned. You would, if you lived in China, expect the *taipan* of the "Ewo" firm to congratulate a junior who distinguished himself locally at cricket.

Although the Jardines and the Mathesons did the pioneer work in the early days, the Keswicks appear to have had a dynamic influence in China during recent decades. The father, William Keswick, served faithfully in China, retired and sat at Westminster as a Member of the Mother of Parliaments. The son, Henry, has worthily maintained the great reputation of his father, and is still alive.

• To-day the *taipan* in China is Mr. John Johnstone, perhaps the most popular Briton in the Far East. For years he has ridden in the races, and the success of " John Peel's " horses—the turf name of " Ewo "—may be due to his skill. But his grip on public affairs is as firm as his hold on his China ponies. His period of office as chairman of the British Chamber of Commerce in Shanghai was notable for many innovations and some speeches that read well. If, as they say, and as his speeches suggest, he is " pro-Chinese," he is also pro-British, and at the present juncture he should be a most valuable asset for British interests in China. His predecessor was Mr. David Landale, who recently retired from China to the London office of the firm after about thirty years of service with " Ewo " in the Far East. A great deal of his time during recent years was spent in public work in Shanghai, and in Hong-Kong. A shrewd Scot (that seems almost a necessary qualification for an " Ewo " *taipan*), he, too, maintained the reputation earned by his predecessors for generosity and as good sportsmen. He was one of the few Britons of my acquaintance in the Far East who, after a long residence in China, was sympathetically disposed towards scientific progress.

The activities of " Ewo " are many; the ramifications almost bewildering. This is no attempt to pry into business secrets, but it is doubtful whether any British firm in any other country have quite the same position as have " Ewo " in China. Primarily merchants, importing and exporting almost everything that passes in ships between China and Britain or along the China Coast, " Ewo " manages cotton mills in Shanghai, a big service of steamships, the Canton Insurance Company, and various other industrial undertakings. It is interested in railways in China, and manufactures motor-boats in Shanghai. It probably knows more about the Chinese than any other foreign firm in the country. For their part, the Chinese regard " Ewo " as the Londoner regards the Bank of England—as an institution.

It would be contrary to human nature if "Ewo" did not have its rivals; indeed, it would be bad both for British interests and the Chinese if there were no competition. Yet "Ewo" has encouraged reputable British firms. But it is a curious irony of Fate that the energetic Mathesons fought against the monopoly of the old East India Company, and that, so far as it is possible in these democratic days for any firm to be too well established for competition in trade to affect it, "Ewo" is the only one that can possibly be compared to that old East India Company now. With all that concerns the interests of the British in China, "Ewo" is interested, and so long as enterprise and fair play distinguishes the firm it deserves the success due to its traditions.

It is only natural to hope that it will maintain the old-time traditions of hospitality and sport. Since my residence in China I have known some of the "Ewo" men, and I have nothing but pleasure to recall in the casual meetings in Hong-Kong, Shanghai, and up and down the China coast with them; they all maintain their reputations as "good fellows." It is almost impossible to imagine the Far East without the "Ewo" firm. The competition of the future may grow so fierce that their splendid, spacious ways will become almost unpleasantly "speeded up." It will destroy some of the pleasures of life in the Far East if "Ewo" should ever lose the reputation which it possesses as "the Princely House."

The Firm of "Taikoo."—The other great British firm ubiquitous on the China coast is that of Messrs. Butterfield and Swire, Ltd. It may be as well to say, at the outset, that this and allied firms presented a sum of £40,000 to the endowment fund of the University of Hong-Kong. The chair of engineering which the writer has the honour to occupy is named after the firm. Although in London it goes by the name of John Swire, Ltd., all over China, Japan, and the Dutch East Indies, it is known by the name of "Taikoo." It expects its servants to devote all of their energies to their work.

It does not encourage its young men to take an active part in local public or social affairs. Though comparatively new in many of its branches it has made remarkable progress in its business. The original founders, were, it is said, piece-goods merchants. It was my privilege to meet, on two or three occasions, one of its *taipans* who had been in China for many years, but who was then in the London office. He was from north of the Tweed, and his name was J. H. Scott. A man of wide outlook and clear vision about British interests in China, he was mainly instrumental in persuading the three firms concerned to present the £40,000 to the university. He had the Scotchman's passion for the practical, and most firmly believed that the spread of scientific knowledge in China would prove of immeasurable benefit to the Chinese, and also that it would develop British trade in that country. It is unfortunate that nothing has been done in Hong-Kong to perpetuate the name of John Henry Scott, for he was one of Britain's great men of China. The most suitable way of doing it would be to have an annual Scott lecture on some practical subject, such as irrigation, railways, water-supply or shipbuilding, delivered within the university which he aided so well. This could be given by various experts. It should be published as a contribution to the knowledge about China.

The *taipans* of "Taikoo" in my time have not figured so prominently at race meetings and similar gay functions as have those of "Ewo." The firm arrived late upon the China coast, and it has not the same traditions. It is interested chiefly in shipping, but it has initiated and carried out that remarkable enterprise known as the "Taikoo" Dockyard in Hong-Kong, where it builds some of its new ships, and repairs its own fleets and those of other companies. Some of its vessels came from Scott's shipbuilding yard on the Clyde, and it is generally supposed that the Greenock firm had a great deal to do with the design and equipment of the Hong-Kong dockyard. There are, again,

the "Taikoo" sugar refineries, situated at the east end of the island and adjacent to the dockyard. Many of the employees live near the works. Nearly all of them seem to come from Scotland, and many of the technical men from Scott's of Greenock. The firm acts as "agent" for the well-known and ubiquitous Blue Funnel line.

These are the two great British firms engaged in the commerce of the Far East. Their ships carry the red ensign into all latitudes between Singapore and Vladivostock. Their agents are always searching for cargo and attempting to stimulate trade. It may be true that there are "understandings" between them concerning certain branches of their work; but it is certain that they both realise that there are now other competitors to be considered. They have the connections and reputations which some of the newer comers have yet to gain.

The Union Insurance Society of Canton, Ltd.—This "hong" was established by a group of British merchants in Canton in 1835, and it was one of the earliest to have its headquarters established in Hong-Kong (1841). It followed the general practice of the early British Far Eastern companies by having general managers, and Dent and Co., one of the old British "hongs" in the Far East, acted in that capacity. But in 1864 Dent and Co. came to grief. Since that date the Union Insurance Society has had its own separate existence; and the prosperity of this, the largest marine insurance company in the world, has been largely due to the commercial genius of the Ede family.

This "hong" started with an authorised capital of \$1,250,000, comprising 250 shares of \$5,000 each with \$1,000 per share paid up, the whole of which were taken by the leading British merchants of South China of that period. Most remarkable results were achieved, and several times over the original holders of shares enjoyed a full return of their investment. Fortunes were quickly made and as speedily lost in those days, and the policy of the Society at that time of dividing the

profits every third year was a very shortsighted one. Scanning old reports, we read of a first dividend of \$500 per share, a second dividend of \$500 per share, and even a third dividend of \$500 per share. These were the palmy days of the sailing vessel—of the fleets of fast tea clippers and merchantmen. They were also the best days of marine insurance when there was little or no competition, and underwriters were able to obtain adequate rates for the risks incurred.

After the general crash of 1864, when Dent and Co. went down, a Committee of Management was appointed, consisting of representatives of the great British firms then established in the colony. Mr. Nathaniel J. Ede (uncle of the present general manager), who was in charge of Dent and Co.'s insurance department, declined an offer of the secretaryship, and Mr. C. D. Williams was appointed to the position, retiring shortly afterwards in favour of Mr. Robert Watmore.

In 1871 Mr. N. J. Ede was appointed secretary, and the first step taken was to put an end to the triennial distribution of profits. Such a policy, if pursued, would certainly have undermined the financial strength of the Society, and the great typhoon of 1874—the worst experienced in the history of the colony—would probably have permanently closed its doors. Reserves were inaugurated to provide against future losses, and this policy has been regularly followed, until to-day the Society is in the possession of a magnificent nest-egg, and can view with equanimity any possible extraordinary loss that may happen.

The shares were, for the convenience of shareholders, several times divided up. In 1874 the original capital of 250 shares of \$1,000 each was split up into 500 shares of \$500 each. Again, in 1882, the capital was subdivided into 2,000 shares of \$125 each, and three years later, in 1885, into 10,000 shares of \$25 each. In 1895 the paid-up capital was raised out of surplus profits, and without any call whatever on shareholders, from \$250,000 to \$500,000—viz., by doubling the value of

each share to \$50, a rare gift which the shareholders of very few companies have enjoyed.

In 1899 Mr. N. J. Ede retired, and was succeeded by Mr. Douglas Jones, and later by Mr. W. J. Saunders.

Mr. Saunders retired in 1907, and was succeeded by Mr. C. Montague Ede, who had been then twenty-four years in the Society, principally at Shanghai and Yokohama. The progress of the Society has been extraordinary. Branches have been established in all parts of the world, and amalgamations with other insurance societies have taken place.

The details mentioned give, perhaps, an idea to the present generation of what has been, and may yet be done, in a quiet way, by one of the premier institutions of the British in China.

The capital of the Society has been recently converted into sterling, and at the same time increased to £2,000,000, divided into 200,000 shares of the nominal value of £10 each, upon which £4 has been paid up. Like the Hong-Kong and Shanghai Banking Corporation, the company is controlled by a board in Hong-Kong consisting of British merchants.

It is a matter of pride to the British in China that an insurance company of such magnitude and with ramifications all over the world was established, less than a century ago, by a group of British merchants in Canton, and developed by successive generations of British merchants in Hong-Kong.

The Other "Honges."—It must be explained that there are also a large number of other British firms in China, and many other companies whose shares are quoted on the exchanges of Hong-Kong and Shanghai. All of the British firms are interested in the furtherance of Anglo-Saxon ideals; they all have a well-earned reputation for enterprise. Sometimes an old-established firm drops out of the race and disappears, and there is usually a good reason for the failure. Such an event is fortunately very rare. It is much more often that some new firm appears on the scene of action. Among the

most enterprising of the newcomers are the British-American Tobacco Co., Ltd., and the Asiatic Petroleum Co., Ltd. They have made enormous strides in quite a short time. We may be quite sure that in the future, as in the past, British " hongks " in China will maintain a high standard of enterprise and integrity.

CHAPTER XIX

PHILANTHROPIC EFFORTS

A LARGE number of books in the English language concerning China are, more or less, descriptive of missionary work and deal with religious problems. It would be unfair to suppose, however, that only missionaries are concerned with charitable works in China. It is a fact that in Hong Kong and the Treaty Ports the large "hongs" respond generously to almost every appeal for financial help that is made to them in the name of charity. British firms have interested themselves in the education of the Chinese, and large sums of public money are spent on that work in Shanghai and Hong-Kong. The endowment of £40,000 made to the Hong-Kong University—an institution created for Chinese students—by a British firm, is a reminder of the liberality of British merchants in China.

There is, however, a great deal of difference in the general outlook of British men of commerce and missionaries. On arrival in China the "griffin" or newcomer is at once struck by this contrast. There seems to be a gulf between the two sections of the community. The peculiar climate and surroundings, no doubt, have their effect upon the different temperaments. In the old days especially, the traders knew practically nothing of the Chinese: they did all of their business through *compradores*, and they relied upon their Chinese servants in domestic affairs. There was practically no social intercourse between the Chinese and the British in trade. The latter is difficult even now, because of the great divergence in social habits.

The ladies complicate the problem, for the British matron does not regard with favour domestic habits which seem to the Chinese not only perfectly natural, but desirable. Thus it may be said that there is but little social intercourse between the British and the Chinese. The men sometimes meet at public dinners, but on the whole there are not many opportunities to mix in social affairs. The Americans are less conservative in such matters, and the present habits of the British in this matter seem likely to change. As English ideas spread these will be more in common. The Chinese hold views quite as fixed as the British concerning the general undesirability of mixed marriages. Such difficulties complicate the problem of social intercourse.

On the other hand, the missionaries, by the very nature of their calling, are bound to learn the language and to visit the homes of the Chinese. Religious workers have given us some of the best literature yet written in the English language concerning Chinese life and customs. For example, "Chinese Characteristics" and other books, by Dr. Arthur H. Smith, are classics, and they should be read by everyone who is interested in China. The missionaries have often and often been the pioneers of the English tongue in China. They have in the past suffered persecution; in the present many of them suffer hardships. They have devoted and still devote great care and attention to education and medical work, as well as to religious efforts.

When all is said and done, however, we cannot deny that the British missionary in China usually seems to be severed from other members of the community. Of course, his work among the Chinese tends to isolate him. But it does something more than that, or at least it did before the war, for there has been a remarkable change since the crisis forced by the Germans. Previous to 1914 the British missionaries seemed almost to be more pro-Chinese than pro-British. They absorbed the language of the country, and they also seemed to absorb some of the native prejudices. There is the

proverb: "China is a sea that salts all of the rivers that flow into it." It is a native proverb; it is an astonishing fact that history and personal observation confirms the truth of the saying. Not only missionaries, but officials, like Sir Robert Hart and some British Consuls, get to know the literature and people so well that their outlook becomes like that of the Chinese. They grow Oriental in their desire to let the Chinese work out their own salvation, and they have been almost suspicious of Europeans who have attempted to develop the natural resources of the country.

Again, the missionary, by reason of the ideals which have caused him to become a missionary, has a simple faith in human nature which the business man cannot possibly possess, for he would soon become bankrupt and cease to be in business if he did possess it. Therefore the missionary and the commercial man each regards the Chinese, and even life itself, from different points of view. Moreover, each usually deals with entirely different types of Chinese. As a rule, the missionary works among the agricultural classes, or the poorer people of the coastports; the former are a very simple, honest, and industrious class. The business man usually deals with the mentally agile Cantonese or Shanghai merchant, who has no rival in the world when it comes to making money. Such merchants are, indeed, alert concerning commerce and good bargains.

Thus it is inevitable that the business men and the missionaries regard the Chinese from different points of view. Their different ideals about life have often brought them into verbal conflict. But they have, especially since the outbreak of war, a common patriotism. That may form a common denominator for them to work upon in the future.

The critical "man of the world" says that the missionary is a "kill-joy," and is not practical. In the past complaints have also been made that missionaries were uneducated, dogmatic, and even selfish. Major Henry Knollys, in a book, "English Life in China,"*

Written many years ago, thus criticises missionary efforts in a very severe manner which now seems to be exaggerated. But even this vigorous critic ends by declaring: "And lest I should appear designedly to cast ridicule or discredit on all missionary enterprise, I venture to suggest for the consideration of my readers my own conviction that the disinterested, sincere, hard-working missionary has emulated the deeds of the ancient heroes of the Christian religion, and has excelled the most brilliant exploits recorded in chivalry."

There has been a notable increase in liberality of thought in all religious bodies since the date of Major Knollys' book. There are now, in China, not only British, but a number of Canadian, Australian, and American missionaries. Like the rest of us, they are far from perfect, but they certainly do number in their ranks, as do the Anglo-Saxon commercial community, many men of high character and unselfish life.

The most promising type of Protestant missionary work in China seems to be that of the Y.M.C.A. That world-wide institution is now accepted by the public as an engine which works for the regeneration and general improvement of young men. It has succeeded in China. It has perhaps, in the past, allowed some of its members to drag its name into the political arena, which is clearly a mistake. But it has fearlessly spoken out against corruption. It has the energy of youth. The appeal is made in a manner very different to that of the old days. A spirit of cheerfulness and of hope is noticeable; the leaders are practical. The Y.M.C.A. recognises the evils which exist in the country, and while obviously it ought not to interfere with politics, it does and should use its influence to uphold national as well as private morality. The course of popular lectures on scientific subjects, ably conducted by Professor Robertson for the Y.M.C.A., always attracts an audience of thousands in any town in China. The educational and athletic work of the institution is most commendable.

A tribute must be paid to the work of the Anglo-Saxon

missionary doctors in China. Often and often these men could obtain more lucrative positions. Especially was the demand for medical men imperative during the war. Young Chinese doctors, as soon as they had graduated from the Hong-Kong University, obtained £50 a month as a salary. That did not disturb the missionary doctor. He was not attracted from his work by money. He did one of two things: he either stayed at his post in China, or he offered his services to his country. Every Anglo-Saxon doctor under fifty in China seemed eager to be off to the war; many of the non-missionaries threw up good practices to go to the Front. And a number of missionaries, either as doctors or interpreters for the Chinese labour battalions, did splendid service.

It is probable that many absurd statements are made by missionary enthusiasts and by prejudiced critics. Sensible people face facts, and the most patent facts in China are poverty, floods, corruption in official circles, and a fixed belief in the duty of having as many offspring as is possible. It is too much to suppose that the very intelligent Chinese people have minds which can be easily moulded to a new creed; they are by no means untutored savages, but keen, intellectual sceptics. They have been, for generations, so hemmed in by the restrictions and conservatism of their rulers, so stunted by prejudice, that it is fallacious to suppose that they will readily respond to mere shibboleths. As one writer has put it: "The missionary has to contend with the anomalous combination of the incredulity of civilisation and the crass stupidity of ignorance."

Modern ideas concerning the Christian religion favour the material improvement of the social conditions of the people. There is only one way of doing that in China. It is by opening up the country to trade, by developing its vast natural resources: railways, steamships, and electricity are the greatest friends of the missionary, and that fact is becoming more fully understood. The old prejudice of the church against science

is a thing of the past; there are signs that missionaries in the Far East are less prejudiced against trade than in the past, and we may hope for the future. There will always be among the British in China types of mind as divergent as are to be found in Great Britain; but the divergence should not be exaggerated. Rather should the fact that they all have a common heritage, a common pride of their own country, make them more charitably disposed one to the other. For just as the missionaries, by spreading a knowledge of modern science and Western knowledge, can prove their broad-mindedness and their belief in the words, "The greatest of all these is charity," so can the business men show tolerance to those whose views about life and its duties differ from their own. There should be well-educated and generous-minded Britons to represent our Empire in all fields of enterprise in China. As a result of observation of the work done by missionaries, one may be unduly prejudiced in favour of the Americans for their practical bent. Yet we can have sympathy with all who are neither narrow nor dogmatic in their views. It can be said, without fear of contradiction, that the British merchant in China is generous; he often gives financial support to institutions which he thinks are mismanaged, but of whose objects he approves. A great deal depends upon how the cause is pleaded.

Mention must be made of the quick response which the British in China always make to almost any appeals for assistance made by the Chinese in times of distress. During the West River floods, Hong-Kong always collects subscriptions for the sufferers, and the local Government usually makes a substantial grant. For the Tientsin Floods Relief Fund similar assistance was given. During the war large sums of money were sent to the war charities in Great Britain.

• *Chinese Appreciation.*—It must be remembered that the Chinese are most generous, and when they are in a position which enables them to do so, they give freely to any charitable cause. The Tung Wah Hospital, with headquarters in Hong-Kong, collects money from

Chinese all over the world. It is probably one of the largest philanthropic institutions in existence. Some of the Chinese do not approve of the efforts of British missionaries in endeavouring to obtain converts. But all of the Chinese are full of appreciation of charity. In that connection they have much that is favourable to say about educational work. For it must be remembered that a great part of the teaching in schools has been, and still is, done because of subscriptions. In the future it seems probable that the Chinese will take a greater personal interest in such work, and during the last few years they have given practical evidence of their appreciation.

The endeavours which some of the Europeans and their Chinese friends have made in respect to athletics deserves mention in this connection. "A sound body and a sane mind" is one of the Anglo-Saxon ideals. In the past the educated Chinese have not been interested in sports, but one great result of the influence of the British and Americans has been to create an interest in such matters. No doubt the new type of missionary will, at any rate in the Treaty Ports, have the ideals of Charles Kingsley more in mind than did some of those of the generations who have passed away.

It is unfortunate that often and often statements have been made by religious workers which have done harm to the reputation of their own countrymen. But some of them also believe in "the white man's burden." An enthusiastic missionary, Mr. J. MacGowan, wrote a book fifty years after his first arrival in China. He called it, "How England Saved China." He gives a vivid description of the efforts made to change the cruel custom of foot-binding. That the movement was an immense boon to the women of China cannot be doubted. Mr. MacGowan thinks that work alone in China is sufficient to make our nation honoured in the country. For he writes: "Amongst all the triumphs that England can point to in the uplift of nations with whom her arms have brought her in contact, there

is none more glorious than the deliverance of the women of China, through her sons and daughters, from the terrible bondage and suffering that foot-binding had inflicted upon them during the long ages of the past."

Mr. MacGowan says that the Chinese have to thank men and women from our own country for the reforms which have taken place in the matter of infanticide: "Men have delighted to record the victories that England has achieved on the battlefield, and the colours of regiments that distinguished themselves in some bloody engagement, torn and tattered by shot and shell, have been proudly displayed in churches and cathedrals and famous abbeys. But all these tell only of death, and lives closed in agony and unspeakable sorrow and amidst groans and tears. But England has nobler honours to speak about than these. She has come to the rescue of those who had no loving heart to deliver them, and countless lives to-day, if they only knew the story of the part she has taken in their deliverance, would sing her praises in such strains as have never yet been sung in this Flowery Kingdom." While recognising the self-denial of religious workers, the British in China must also pay a tribute to the great tolerance of the Chinese. And we must also remember that England was the pioneer in religious toleration. In such matters the British and the Chinese have a common ideal. They believe in the complete freedom of the individual, and they thoroughly dislike coercion in such matters.

The widespread and important Catholic missions in China scarcely come within the purview of this work, as they are for the most part staffed by French and Italians, but it is impossible to omit mention of the great Jesuit observatory of Zikawei, near Shanghai, and the valuable scientific work done by the members of this society. According to "Les Missions de Chine et du Japon," the Catholics in China in 1917 numbered over one million and three-quarters, of whom half a million belonged to the province of Chihli.

British Government Officials.—Although they will

modestly say that they only do what is their duty, it is a fact that all British Government officials in the Far East interpret that duty in the highest sense. I hold no brief for any particular section of the British in China; I have tried, simply, to put down what I believe are unbiassed impressions. No doubt there are tactless and non-progressive British officials in China, just as there are tactless missionaries or 'unprogressive men of commerce. But whatever truth there may be about the criticisms to which British officials in China are subject, one fact of immense importance emerges. They do retain a wonderful reputation for honesty. That, of course, is only what those who know the public schools of Britain would expect. But it is none the less a triumph. The public schools, like every other human institution, need improvement. But let us give them their due. They have sent forth eager and healthy young Britons to administer and "clean up" the dark and stagnant parts of the earth. That work is philanthropy, and it is worthy of praise. The British official may often lack scientific training; he may even lack imagination. But he has one fixed idea, and that is to do his job so that he shall not "let down" "the old country" and "the old school." He does try to improve the conditions of life in Asia for the natives. Therefore I venture respectfully to add my tribute of admiration for the fine character of the many British officials in China with whom I have been brought into contact.

CHAPTER XX

THE OTHER NATIONS

The Portuguese.—It is recorded that the representatives of this nation first arrived in China in 1517, and apparently they sent tribute to Canton a year later. We can imagine the excitement in official circles at Canton when these strangers appeared, especially as it was not long before hostilities broke out. As for the rights and the wrongs of the squabbles, it is difficult, if not impossible, to apportion them. On the one hand, the Portuguese were not exactly gentle; indeed, they were little better than buccaneers. On the other hand, the Chinese officials of the period were very arrogant, while most of the Chinese mariners were simply pirates. Somehow or other a Portuguese mission reached Peking (1520), but it was badly treated, and the envoy is said to have been sent back, in custody, to Canton, where he perished in prison. But the Chinese were greatly impressed by the large cannon of the strangers, and the officials seem to have persuaded the Portuguese to punish Chinese pirates which then, and for hundreds of years afterwards, infested the China Seas. In a few years (about 1537) the Portuguese, more or less, established themselves at Macao, a settlement which was, until the British occupied Hong-Kong (1841), the only piece of European territory in geographical China. This, of course, excludes occupation by the Spaniards of the Philippines, for those islands are some distance from China. The Chinese would not properly recognise Macao as a possession of Portugal until 1887. For many years after their first arrival the story of the Portuguese

in China is a confused medley of trade, fighting, intrigue, and missionary efforts, with a rather sanguinary background. Eurasia sprang into being, and the mixed race usually loses much in physique and morale as compared with pure Chinese or Europeans. 'All that is left nowadays of the former haughty pioneers of Europe in China is the little colony of Macao, with its one source of revenue—the gaming-houses. There are also thousands of so-called Portuguese clerks and others—men receiving small wages, and only to be found in subordinate positions. Most of them have never visited Europe; they live on Chinese food, and they speak Chinese and a sort of local Portuguese dialect. There is something pathetic in the contrast with the present position of Portugal in China with the tales of those early days.' But a contemplation of the problem makes us realise that a combination of the climate, the mixture with Asiatic blood, and other causes, leads to a lowering of the physical and mental, if not the spiritual vitality of the white man in the new generations born in China. The Portuguese have in China retained a passion for music, and they are, in general, devotees of their religion.

The Spaniards.—In the Far East this nation had its headquarters, for about three and a half centuries, in the Philippine Islands. The war with the United States deprived the Spaniards of their prized possession, but it must be said that the natives of the islands and the world in general greatly benefited by the change. In the early days, there were massacres and much bloodshed, but these things were soon forgotten, and a great trade sprang up between Amoy and Manila. The Spaniards, even at the height of their power, were not particular about their social relations with natives, and they have left a legacy to the world which is a mixture of races. The British had a good deal of the trade of the Philippines in their hands in the latter part of the nineteenth century, and in this era the Americans have exhibited something more than the average Anglo-Saxon enterprise in connection with their new possession.

The Dutch.—Near Canton there is an island named "Dutch Folly," and the Hollanders preceded the English in commercial matters in the Far East. They traded in the East Indies as early as 1600, and in 1610 they went to Hirado, in Japan. In 1634 they founded settlements in Formosa. In 1863 a Dutch treaty with Peking was concluded, and no doubt the chief reason for the presence of the Dutch Minister in Peking is the large number of Chinese in the Dutch East Indies. The Dutch were in a most difficult position during the Great War, but it can be said of those who were in Hong-Kong that they retained their popularity with the British and showed no sympathy with the ideals for which the Germans fought. There is, of course, a great deal of trade between the Dutch East Indies and other parts of the Far East.

The Russians.—When the present chaotic state of Russia is considered it may seem excusable to omit all reference to this nation which is, at present at any rate, of no commercial or political importance in the Far East.* But, at the time of writing, the fate of Siberia is unknown; nor is it unlikely that propaganda from Russia will find a way into China. In the days before 1914 Russia was a most important factor in trade and in Peking. From about 1652 onwards the history of Russia and China is one of a continuous forward movement by Russia and a retirement by China. The main objective of the Tsar and his ministers was to acquire territory. All of the old dreams of aggression have now disappeared; Russia, at present, does not count in Peking. But those in a position to judge are by no means easy concerning the effects of the Bolshevik propaganda in China. The future of Siberia is still very obscure. It may be as well to remind readers that the British have now (1919) a High Commissioner in Siberia and many commercial interests in that huge area. It is also of importance to establish, once more, communications with Europe by means of the Siberian Railway.

* These lines were written before the Bolshevik menace to the Far East.

The Americans.—When the pioneer traders from the United States first went to China (1785) they were friendly with the French, but the war with Britain had only just ended, and there was, unfortunately, much bitterness as a result. In 1858 the Americans scored by using their influence with the Chinese in the matter of the Treaty of Tientsin, but the British and French had done all of the fighting. There, is the story, however, that a small American force helped us at Taku, and this includes a reference to the "blood is thicker than water" episode. It is of interest to remember that the British Admiral, many years later, made it clear to the Germans at Manila that "blood is thicker than water," and so helped the American sailors. It must be confessed that some of the Americans in the Far East have at times irritated the British by their general attitude as the only true friend of China. They have been inclined to claim the title of "the honest broker," and to suggest that only philanthropy and not trade is their object.

The British have real admiration for the work that many of the Americans are now doing in China. The Rockefeller Institute in Peking deserves all possible praise, and much American money is spent in the attempt to improve the conditions of the Chinese people. At the present time the American men of commerce are giving close attention to Far Eastern trade. The old misunderstandings between the Americans and the British—at their worst at the close of the eighteenth century—have now, we may hope, disappeared entirely. Although in the past the United States has not figured very prominently in Chinese affairs, it is bound, by reason of the changes in world politics, to do so very much more in the future. For that reason, and for the sentimental reason that "blood is thicker than water," Anglo-Saxons in the Far East should co-operate whenever possible, and remember that the two great branches of the race have grown to respect each other immensely since the fighting in Europe. The Americans have always advocated the "open door" in

China. Anglo-Saxons must unite to keep the door open.

The French.—The number of French firms doing business in China in 1913 was about one-sixth the number of British and one-third the number of German firms. In the trade done the French figure chiefly in connection with French filatures. The defeat of France by Prussia in 1870 reduced her influence in China, which was very small for many years afterwards. However, in 1856 the French had joined the British in the march on Peking. In 1862 Saigon and the surrounding province was acquired by the French. France has since 1885 been busily employed with the economical development of Tonquin. Haiphong is now important as a trading centre. The Yunnan Railway (1910) brings the capital of a large inland province of China into direct communication with the sea by means of a French port. There was in the past, at times, tension between the British and French in the Far East, but for many years there has been nothing but good feeling and tact in commercial matters. Hong-Kong has benefited from the development of French Indo-China. It remains to be seen whether the French will seek the co-operation of the British in the further development of French Indo-China.

The Japanese.—It cannot be said truthfully that the Japanese are popular in China. It is usually best to be quite frank in such matters; it may, in the long run, do good to all parties concerned. The average Anglo-Saxon in China is not affected very much by the political outlook of the Chinese. In this matter of Japan, he is not bellicose, as are many of the Chinese. He speaks more in sorrow than in anger. He tells you many stories of Japanese "slimness," and, rightly or wrongly, the British men of commerce distrust the commercial methods of the Japanese. A great admirer and servant of Japan, Lafcadio Hearn, wrote of their "little tricky plans which cannot be brought under law provision, or even defined so as to appear to justify resentment—tricks at which the Japanese are as elaborately ingenious

as they are in matters of etiquette and forms of other kinds."

The rôle that Japan played in the Great War will, perhaps, cause a change in the attitude of Europeans towards her political ambitions, and it is extremely probable that her own statesmen and leaders will use every possible influence to improve her good name in commercial affairs. It would be foolish to deny that of all the belligerents, except perhaps the United States, she has, in a material sense, profited most; but it would be equally foolish to deny that at critical times in the course of the Great War her help was invaluable. Yet even in the matter of the war the attitude of Japan needs certain explanations. It would not be right to omit mention of the fact that many of the Europeans in China and the Chinese think that Japan took a very unfair advantage at the time that she launched her famous demands on China (1915) after the capture of Tsingtau.

The Press of Japan was controlled by the Military Party of the country, and the Press conducted an anti-British, and an anti-British-alliance, campaign in Japan during the Great War. It came at an awkward time, when the outlook was none too good for the Allies (1915). That anti-British Press campaign in Japan during critical stages of the Great War did great harm in the Far East.

It is only fair, however, to put the point of view expressed by an eminent Chinese scholar, Professor E. H. Parker, in the latest edition of his well-known book.* He says: "When the *Emden* started out on her raids, and the presumptuous Kaiser treated Japan's offer with contempt, he received a sarcastic ultimatum, and his governor was ultimately ejected, bag and baggage. Moreover, for her own ultimate protection, Japan was obliged to formulate certain at first sight harsh and peremptory demands upon China in order to forestall Teutonic spite or intrigue, and any future attempt of the tricky Kaiser to wrest from China by violence any

* "China: Her History, Diplomacy, and Commerce."

Ersatz 'place in the sun' to 'take the place of Kiao-Chow,' under an easily forced construction of some such provision in the 1898 treaty. In cavilling at the excess of Japanese demands, the unfriendly Press in the Far East seem to have forgotten this prime necessity for Japan: '*No Power* to be granted any coast or island territory by purchase or lease; that is, specifically, treacherous Prussia.'" Professor Parker's *apologia* must be remembered, but it does not explain the anti-British Press campaign, instigated by the Military Party, in Japan. It leaves out of consideration other episodes which cannot be ignored if we wish to see this important problem in all of its aspects. In order to do that, however, it is necessary to rapidly capitulate some of the events of the last few years.

About a quarter of a century ago the Chino-Japanese War suddenly commenced, and almost as suddenly demonstrated the might of Japan, (1899). That the sporting instincts of the British led them to be rather pleased at the astonishing success of this small, but well-trained new-comer, is certain; they were also not a little proud of the fact that Japan had, to a great extent, modelled her naval and engineering work on that of Great Britain. "And, after all," argued the British in the Far East, "something must be done to wake up China." At any rate, the British in those days had no ill-feeling towards Japan. They have never lost that sporting instinct which makes them admire good training and efficiency; but they do not, and probably they never will, understand completely Oriental methods of diplomacy.

The Anglo-Japanese alliance materially helped Japan in the period of crisis. Yet scarcely a European in China had a good word to say for the British who had made the alliance. No European nation in those days hated Japan as did Germany, who realised that the Britain of the East stood in the way of her programme of expansion. Despite that fact, the Military Party in Japan always greatly admired the Germans—especially their military system. That was common

knowledge in the Far East. Yet, as we look back upon the terrible episodes of that Russo-Japanese War, episodes particularly terrible to Japan because some of them were due to her own mistakes, we cannot, as Anglo-Saxons, withhold our admiration for Japanese pluck and bravery. We find that the nation was as Spartan in the face of adversity as was our own some ten years later. There was no "stop-the-war party" in Japan; myriads of soldiers fell; the Japanese Government taxed and taxed and taxed, but the people never murmured. Always the people were united. Anglo-Saxons in the Far East say that the military triumph of Japan was nothing like as great as the newspapers and the correspondents of the Japanese made out. Nobody denies, however, that as a nation Japan gave an exhibition of fortitude, determination, and self-sacrifice sufficient to illuminate any page of national history.

Space will not permit of a detailed study of the wars of Japan with China and Russia. It is, however, essential to emphasise that, with England, Germany, and Japan, it has been all along a case of England the open friend, Germany the secret enemy.* Anglo-Saxons encouraged the progress of Japan; the earliest scientific professors of her universities—Dyer, Ewing, R. H. Smith, Perry, Ayrton, and Milne—trained her young engineers, and schemed out the industrial life which has made her a great Power. London financed Japan until British merchants in China said that the city financiers would more readily lend money to build competing factories in Japan, than to extend or create local works in Hong-Kong. The Japanese Navy was modelled upon our own: Anglo-Saxons built her ships, trained her naval officers, and laid out her new dock-yards.

Anglo-Saxons knew that the Japanese, while believing in the British as practical engineers and naval experts, thought very little of them as chemists, scientists,

* See the Kaiser's letters to "Nicky," recently published by the *Morning Post*.

or organisers of military affairs. The Japanese said to each other: "The Germans excel in such matters: to Germany we will go for instruction, and our young men shall study in the German language." That happened; and at times Anglo-Saxons of the Far East have been worried with the idea that the Military Party in Japan may have absorbed some of the philosophy associated with the names of Bernhardt and his fellows. Events in Korea and Manchuria of the decade 1904-1914 were certainly criticised adversely by Anglo-Saxons in China, even though London and Washington seemed indifferent.

Then followed the *entente* between Russia and Japan. In so far as that tended towards peace in the Far East, Anglo-Saxons welcomed it. But it appeared to have as a purpose the partition of China, and Anglo-Saxons believed in the "Open Door." When the Japanese mission of Prince Katsura went to St. Petersburg—as it was then called—Anglo-Saxons realised that both Russia and Japan were planning political, if not military, adventures in the Far East; and that meant unrest. And, as unrest is bad for trade, the commercial men did not like the new situation. The Russians in Siberia were all for expansion. The Russian merchants of Harbin petitioned their Government, including in their memorial (1909) sentiments which might have been inspired from Berlin: "It will be far more profitable," they said, "for Russia to join forces with Japan against China, than to support China against Japan. The only factor which determines the course of international politics is the factor of material force. At the present moment, force is all on the side of Japan, and it will, therefore, be a serious mistake if, instead of casting in our lot with the strong, we strive to make friends with the weak." Thoroughly German in outlook were those Russian merchants of Harbin. A Russo-Japanese Agreement was made (1910). The Anglo-Japanese Alliance remained; but Anglo-Saxons in China thought that this new agreement violated its terms. And then it leaked out that Japan had

guaranteed Russia a free hand in Mongolia. On March 24, 1911, Russia presented a three days' ultimatum to China concerning Mongolia. China conceded everything asked for.

Events marched rapidly. The partition of China seemed to be at hand; the Americans did not like the result of their efforts to keep Mongolia and Manchuria open to the trade of the world. The British in China were uneasy, even if the people at home were satisfied. But the original purpose of the Anglo-Japanese alliance was to maintain the integrity of China, and that seemed "a back number." Japan, with an annual surplus population of 900,000, was happy.

There has been a great deal of disturbance in the Far East because of the so-called success of Japan at the Peace Conference in Paris. But the great hope of all Anglo-Saxons in China is that the Japanese Military Party will have a diminishing influence on the foreign policy of that nation. It seems as if, just at present, it is impossible to be friendly both with the Chinese and the Japanese. Yet that is the real aim of patriotic Britons in China. Some of the Chinese blame the British because of this matter of Shāntung. They say that Britain should have helped China at the Peace Conference by resisting this clause in the treaty. But Japan made the arrangement with the Chinese Government—neither Britain nor America made it. And China, in common with all other nations, must respect a treaty.

The writer has travelled in Japan, and he came out to the Far East decidedly pro-Japanese. Are not these amazing people our pupils? Did not men well-known in our engineering profession introduce the science of engineering into Japan? Do we not rather flatter ourselves as we refer to Japan as the "Britain of the Far East"? Are they not our Allies? Yes; all of those things are true. Japan is, for the tourist, a delightful country. The Japanese are a nation of devoted patriotism and remarkable adaptability to Western progress. They are splendid organisers. But,

as already remarked, the Japanese are unpopular in China. The Chinese feel themselves powerless, but they have long memories.

The British want to trade with Japan as with China; co-operation must be the policy of the future in political affairs, and clean, good-humoured competition in the markets of China. As a fact, the latter really means co-operation, for the greater the stimulus the more will be the trade that goes on. Britain opened the oyster of Chinese trade, but there are plenty of pearls for everyone. We most certainly do not want to exclude any legitimate competitors from the markets of the world. The British trader and manufacturer can hold their own against all comers, if all comers play the game squarely.

Anything that can be done by the Anglo-Saxons in China to persuade the Japanese to act in a friendly and sympathetic manner to the Chinese should be done. There are some admirable characters in Japanese commercial circles—men who realise that true patriotism consists in building up a clean record for a country. The Anglo-Saxons who are using their influence to support those Japanese who are working for the ideals of truth and justice and equal opportunities for all nations in China, are doing a great work. In our moments of despair concerning the future of China, we British in China think that the Japanese will cause a splitting up of the country into "spheres of influence." In our more optimistic moments we hope that the Japanese will work with us for the policy of the "Open Door."

Other Asiatics.—In the Treaty Ports of China are to be seen Parsees and other natives of India. From the early days of British trade in the Far East the Parsees have been an important factor in trade. As a community they are peaceful and law-abiding. Some of the successful Parsee merchants have been very generous and public-spirited. There are also Jews from Bagdad, and some Armenians engaged in trade in the Far East. The chief characteristic of all Asiatics,

as compared with Anglo-Saxons, is their extensive knowledge of languages.

The Germans.—The result of the war has practically eliminated direct German competition as a serious factor from Chinese markets. Before August, 1914, they were a menace to Europeans and Japanese alike, and possessed considerable influence in banking and commercial circles far outside their colony of Tsingtau. For many years they must be too closely employed in rebuilding their economic position in Europe to attempt serious adventures in the Far East.

CHAPTER XXI

THE NEW CHINESE

It is as well to remember that the Chinese are, on the whole, a robust, healthy, and hard-working people. The leisured classes are few indeed when compared with that vast majority of the nation who spend nearly all of their time in an incessant but, on the whole, cheerful struggle to provide for the necessities of life. Their simple food and the healthy effect of constant employment seem to have produced a people of great industry and endurance. The remarkable growth of the little British colony of Hong-Kong is as much due to the splendid work of the Chinese as to the initiative and enterprise of the British.

It is, however, not so much Hong-Kong that is remarkable, although the place is now as beautiful as it is romantic. It is the extraordinary results which have been produced by the little colony that are so astonishing. It has provided a haven which has caused a ferment in the huge mass of humanity in China.

It was not an accident that Canton and South China were for sixty years the chief centres of rebellion against the Manchus. The natives of Canton, Swatow, Amoy, and many other places in South China came to Hong-Kong, full of the traditions of their own country. They saw in the little British colony things new and, to them, wonderful. They noticed the rapid growth of the place, and they discovered that many of their most cherished traditions were demonstrated to be false. Beyond all else they amassed wealth. In Hong-Kong it was found to be possible to obtain

rewards for industry and business acumen. At first only the lower-class Chinese settled in the place. But they became well-to-do, and even rich. They accumulated Western ideas. A benevolent Government of the colony provided both Chinese and Western education. And some of the sons of the well-to-do Chinese supplemented their Western education, as obtained in Hong-Kong, by visits to Europe and America. They did not learn the "pidgin English" of their fathers, but they memorised Macaulay, and recited passages from Burke's speeches or John Stuart Mill's essays. And some of them became doctors, lawyers, and engineers, while many more conducted commercial enterprises. Quite a number travelled north to Peking in search of the honey which only the official bee may taste.

It is not proposed to prophesy as to the effect of all of these changes upon the politics of China, for prophecy about politics in any country is rash, and in China it is almost certain that political events will falsify any forecasts. It is intended, however, to portray, in a critical but sympathetic manner, the youthful Chinese of to-day who has been brought up under Anglo-Saxon influences. On the average he is the result of a blending of certain distinct racial characteristics, which he has inherited from his Chinese ancestors, with the Western education which he has acquired in the English schools and the general "atmosphere," or local environment, which impresses itself upon his susceptible mentality. This young man of twenty-three or twenty-four is, in his own opinion at any rate, a pioneer who is blazing the trail along the path of progress; he believes that, in time, many of his countrymen will follow along the same path. He sees that an industrial transformation in China is inevitable, and he has always before him the example of Japan. Every ship that comes into the harbours of China flying the flag of the Rising Sun reminds some of the local Chinese that Japan is now a Great Power. There are many of those flags to be seen in these harbours. And the young Chinese who looks out on to the flag of the Britain of the Far East finds

that it stirs within him feelings of ambition. "This world commerce," he says to himself, "is not a thing in which only Europeans and Americans are engaged. It offers a field to me."

Father and Son.—There is a striking contrast between my young friend of twenty-three and his father. If you passed both of them casually in the street you would probably think them unrelated. For the young man would probably be wearing clothes made by an English tailor, with boots imported from Nottingham, a tie from London, and sweet peas from the local flower-market in his button-hole. It is unlikely that he would appear overdressed, but he would seem conspicuous by reason of the contrast with his father. Especially would you note the difference in carriage. For the lad has probably played cricket or football for some years, and has doubtless heard of Sandow and Müller and physical exercises.

The old gentleman would, at first sight, seem a little insignificant until you recognised that dignity which is a characteristic of Chinese elders. His long coat, his native shoes and socks, and the little round hat, would make you instinctively hope that the national costume is not doomed to become extinct. The father probably speaks English very well, or he may only speak "pidgin English." In some cases Chinese have been engaged in commerce for many years in Hong-Kong, and they have acquired no knowledge of the language of Britain. But even if the elder speaks the second language, his traditions and his mode of living are very Chinese. He does not really like the European-style drawing-room in his house, and the furniture is there only as a result of repeated requests of his son, aided probably by some persuasion of his daughters. He himself prefers the blackwood chairs and tables and red coverings of the room where he entertains his own men friends. He is delighted when Europeans visit his house, and then he receives them in the drawing-room furnished to please his children. Although he clings to his old ideas, he is very liberal-minded, and he

is even ambitious for his sons to know and to mix with Europeans.

There is only one thing that really worries him. It almost makes him regret, in his moments of depression, that his son has acquired these Western ideas. It is the very serious business of marriage that causes him so much concern. For, astounding as it sounds to his Chinese friends, his son of twenty-three is not yet a father. There is no certainty that there will be a son's son to conduct certain ceremonies at the tomb of himself and his ancestors. And of what use are his wealth and worldly possessions if his spirit, after death, is troubled and unnoticed? The Christians may think that it is easier for a camel to go through the eye of a needle than for a rich man to enter the Kingdom of Heaven. The Chinese father *knows* that there is no peace after death unless he has left posterity unto the second or third generation, who will honour his memory at his grave.

It must be impressed that the views of the son concerning the opposite sex are not those of his father. For my young Chinese friend has been helped to form his ideals by listening to snatches of songs from musical comedies, by reading the illustrated papers from London or America, and also by visits—occasional, but effective—to the local theatre. If he has only seen the touring companies produce "The Merry Girl" and similar plays about half a dozen times, he has been an enthralled spectator. And often and often has he seen Miss Pearl White and other famous "stars" at the cinema. He has an altogether different point of view to that of his parents concerning what are accomplishments in a young lady. His mother thinks longingly of the time when her daughter-in-law will wait upon her, as she did for her husband's mother. The father thinks longingly of the day when he will see a tiny little baby—his son's son. The young man thinks longingly of his own home, furnished in European style, with a very modern Chinese young lady, his wife, sitting at the piano playing ragtime or musical comedy to soothe his jaded nerves after business is over.

• The young man and the young lady whom he hopes to marry are the products of Western civilisation in the Far East. The "old China hands," who came out in the days of sailing ships, despair of them. Those of us who get to know them quite well realise that there is much that is good in them. Despite the pessimism of the "old China hands" and the almost absurd optimism of some of the members of young China, the new generation possesses advantages and ambitions which will never come within the vision of their parents. They are not superstitious. They have no illusions about the might of China. They do not hold trade in contempt. They appreciate the advantages which a motor-car and good roads have in comparison with a chair and a beaten track. They have ideas about river conservation, afforestation, and currency reform. They have no blind prejudice against the European—perhaps they even think too highly of us as individuals, because they do not fully realise that we, too, often make mistakes. Many of them read papers like the *Scientific American*, and all of them are convinced that it is essential that science should be applied to the industries of their own country. And it must never be forgotten that many of these young modernised Chinese are wealthy, and are accumulating still more wealth. They have not lost that native characteristic which makes the Chinese remind one of the Jew. They may spend money more freely than the generation which has gone before them, but they expect to make it more rapidly. It may be true that they are materialistic, but they are generous. They are certainly ambitious.

Recently (1918) I was having a "heart-to-heart" talk with a young Chinese friend of mine, who graduated in engineering in June, 1918, with distinction. He was one of the best students it has ever been my lot to have in all of the eighteen years of my experience, either as demonstrator, lecturer, professor, or dean, in different British universities. My young friend is of the type that makes me sanguine about China. He

has so much common sense; he is so rapid in thought—"quick in the up-take," as we say in our slang term; he is a sympathetic critic of his own country, but he is far too level-headed to expect perfection in human nature. Above all else he has grasped the fact that machinery is what is needed most of all as an import for China. He has just come back again to Hong-Kong after a six months' visit to his native Yunnanfu. He is on his way to the United States of America where he wishes to obtain practical experience in any engineering works. He is so intelligent that he has learned from the British technical papers and the engineering textbooks in the university library that the Americans excel in the matter of production and labour-saving appliances. He wants to see that country. He is far too honest to deny that the idea of mines in the Mediterranean and North Sea did not affect his decision to cross the Pacific. He really wanted to go to Great Britain, but the war prevented him. But I am convinced that he will visit Europe after he has spent some time in the States.

He is very polite, but I do not take it as sheer flattery when he tells me his candid opinion about Hong-Kong and the British Empire. He has quite a clear idea about this important subject, and he has arrived at his own conclusions after carefully weighing in the balance of his mind all that he has read and heard about the matter. He may be said to be distinctly pro-British. He admires the Anglo-Saxon ideals, even if he still retains his own Chinese notions about many things in life; and that is right and proper. But beyond all else he admires the work of that remarkable band of British scientists whose work has transformed the whole world. The names of Watt, Priestley, Murdoch, Stephenson, Whitworth, Bessemer, Faraday, and the others, are well known to this young Chinese graduate, who is now a mechanical engineer. He wants to introduce machinery into China, not only because he hopes to make money out of it—for that is quite natural for anyone, especially a Chinese—but also because he thoroughly understands

that machinery is the only solution of Chinese economic and political difficulties.

A Wise Government Policy.—This young engineer was one of a batch of some half-a-dozen Chinese students who came down from the Province of Yunnan in 1914 to the University of Hong-Kong. The life here was very new and strange to him, but he quickly adapted himself to it. It is a national characteristic of the Chinese; they adapt themselves rapidly to any new experiences. It is difficult to picture my young friend's early impressions, but new ideas must have come across his mind with the rapidity of a cinema film during the first few weeks in Hong-Kong. Remember that he had never seen the sea, steamers, electric tramways, motor-cars, and all of the thousand and one things that Hong-Kong has and Yunnan has not. He had never been brought into intimate contact with foreigners, when he suddenly found that he was living in the same university grounds with eighteen English professors and lecturers. In his own hostel—or college—of the university he was making the acquaintance of many other young Chinese students of engineering, medicine, and arts. He met many young Chinese who did not understand his own dialect, and some who could not speak any Chinese dialect at all. These latter had come from the Straits Settlements, the Federated Malay States, or Australia, and they knew all about English customs. He saw the extraordinary difference between his own race-representatives from Singapore, Canton, and Peking. He listened to the lectures given by the university staff, and he attended the cricket matches, the tennis tournaments, and the evening concerts. He spoke to some of the English ladies who have accompanied their husbands and live on the university premises; and he saw the little English children in the university grounds, as they carried their dolls and pushed their small-wheeled carts or toy motor-cars. He was always receiving some impression both new and strange.

The thing that most quickly fascinated him, however,

was the university power station. A few days after his arrival he was taken to see the engines and the dynamos. A very general description of the plant was given to him, but he saw the cables radiating to the different buildings, and he understood that every one of the hundreds and hundreds of lights used in buildings which have cost over a million dollars to complete—every one of the lights was really controlled from that nerve-centre called the power station. Later on he took his duty as a switchboard attendant, and afterwards he made complete tests on the engines and dynamos. To-day he can tell you as much about any one of those engines as I can; indeed, he very likely remembers far better the figures giving the heat balances and the cost per unit generated.

It was a great moment in his life when he first watched the machine-tools, each driven by its own electric motor, in the workshop—the rapidity with which the drilling machine made a hole, the way in which the metal was turned off from the steel bar whirling round and round in the lathe, and the rhythmic manner in which the planing machine cut away the cast-iron amazed him.

He has just gone out of my study—a full-fledged B.Sc. in engineering: a more reliable, more industrious, more respectful young man than dozens of those graduates who passed along the same journey in the universities at home when it was my lot to train engineers there. He came to me just after the war broke out in 1914; he arrived attired in the dignified native dress, and probably at our first interview I explained to him that the costume is dangerous in the workshops and engineering laboratories. He has come down from Yunnan to see me now; it is the week of the great news of victory, and we have been saying to each other that it means so much for humanity. He came into my study with the same respectful manner of four years ago, but this time in European attire.

During his last year at the university, in particular, I had seen a great deal of him. He attended my lectures

on thermodynamics; the class was small, because so many engineering students elect to study civil engineering rather than the mechanical or electrical branches of the profession. He crawled through the flues of a boiler with the good-humour of the best tempered Irishman. He was a member of the University Engineering Society Committee, and we often had conversations about papers and visits arranged by the Society.

To Develop Yunnan.—Our recent conversation was mostly about Yunnan. It would be unfair to repeat much of it, because my friend is young, and he may go back to live there. But he thinks that the Anglo-Saxons are the people most likely to benefit from the import of machinery to Yunnan. He tells me of some American mining engineers who are there now with capital, and doubtless they are actively at work. Indeed, unless my memory already has played me false, I seem to know that one of my old graduates is in their employ. My young friend was one of those who recently initiated a Chinese chamber of industry at Yunnanfu. It is to encourage the growth of communications, to stimulate trade, and, as far as is possible, assist in the industrial development of Yunnan. Communications and mines are the two most urgent matters.

At present there are some definite signs of development. There are British engineers in the province—it is to be hoped that they are alive to the very great possibilities. The French did the waterworks, but it is generally believed that the scheme was not quite as successful as it should have been. The Germans had delivered a good deal of electrical machinery. The very well-arranged hydro-electric plant which supplies Yunnanfu with electricity was put in by the Germans, who were certainly popular in Yunnanfu before the war. There is a movement on foot to build a road for motor traffic. There ought to be no difficulty about it, although my informants seem to suggest that it should be at least 300 miles long. Light electric railways may be feasible alongside it at different sections.

much better to save life than to take it. And so their thoughts are centred on schemes for the prevention of flood and famine, and the development of the vast mineral resources of the country. They see the things accomplished by the Public Works Department of Hong-Kong; they have ideas about public health; they understand that the local dockyards pay good dividends. Therefore, they want to see these things carried on in China. It seems inevitable that, in the course of a generation or so, a remarkable transformation will take place.

It entirely depends upon the European as to whether he will be allowed to assist in the great change. It is imperative that he should cast out of his mind all ideas about racial inferiority. There may be a caste system in India, and it may assist the white man to maintain his status. In the huge land of China caste counts no more than in Britain. There are illimitable possibilities of splendid constructional work in the Far East if Europeans, Chinese and Japanese will co-operate. It is criminal to do anything that fosters racial prejudice, for that will only lead to endless friction. We must meet with sympathy and friendliness the new generation of young Chinese who, if encouraged, can do so much to liberate for the world the mineral and other wealth of their own country.

CHAPTER XXII

CHINESE PERSONALITIES

It is impossible adequately to convey the extraordinary contrast between the typical Western-educated Chinese of Hong-Kong, of the Treaty Ports, and the young men of fifty years ago, whose learning was confined to the subjects necessary for the tedious examinations connected with official life. As a type the latter still survives, but with certain modifications. He still firmly believes in the superiority of the philosophy of his national sages, and if he is not suspicious of Western learning he is not interested in it. Perhaps the most representative example of the old school was the famous Viceroy, Li Hung Chang; his like will never be seen again in China. Diametrically opposed to him in ideals and methods is the so-called reformer, Sun Yat Sen, a product of British missionary influence, dreamer of dreams, a visionary of characteristics as alien to those typical Chinese as are the views of Bernard Shaw or an Irish agitator unlike those of the average Briton. Almost as famous as these two was Yuan Shi Kai, the self-made Emperor of a few days, whose early career was full of promise, whose maturer years gave evidence of statesmanship, but whose end revealed a pathetic failure reminding us of the word "Ichabod." But the most powerful Chinese personality, since the British came to China, was Yehonkala (Tzu Hsi), the wonderful Empress Dowager—possibly the most remarkable individual amongst all of the rulers in history. While Victoria the Good benignly ruled over her far-flung Empire and extended

British influence, sending a message of hope to millions in India, Egypt, and other parts, this amazing Oriental despot brought about the fall of her dynasty, chaos in China, and gained the hatred of millions. She malevolently "removed" those who stood in her path, became alternately a frivolous and dissipated woman, a crafty diplomat, a despotic Empress, and a bundle of cupidity and vanity. Everyone in her Empire either adapted themselves to her ideals, paid the death penalty, or fled to other lands. And all the while Europeans were talking about the break-up of China, Japan was demonstrating her power, concession and place-hunters were busy, and chaos and bankruptcy seemed certain for the Empire.

Thus it will be understood how difficult it is to give any detailed ideas of the native personalities in China during the past hundred years. Before that time contact with the British was so infrequent that the Chinese officials hardly merit our consideration as individuals. It will, however, be of some advantage if a few notes of some of the Chinese, whose names have appeared in the newspapers of Great Britain, are included.

The President.—At the time of writing Hsu Shih Chang is President. His predecessors were Sun Yat Sen, Yuan Shi Kai, Li Yuan Hung, and Fung Koa Chang, all of whom have occupied the office between 1912 and 1918 inclusive. It is doubtful whether Hsu will remain in office long. He is one of the old type of scholarly officials, and the Chinese say that the various warring political factions have combined to elect him because he is "inoffensive." The Canton Military Government has refused to recognise Hsu as President. But there are many of the best friends of China who think that ultimately he will successfully lead the country through the difficulties of the present.

Dr. Sun Yat Sen.—Although the first President of the Chinese Republic graduated from the Hong-Kong College of Medicine, which is now merged into the local university, the writer has not yet met him.

• “ I had a long talk with him a few years ago,” said a *taipan* to me recently of Sun Yat Sen; “ and I couldn’t make head nor tail of the man.” My friend looked genuinely puzzled as he thought of that talk with Sun. But his verdict is more or less typical of what the British in China think. They cannot “ make head nor tail of the man.” There are, of course, Anglo-Chinese who firmly believe that they can sum up the complex character of Sun. When, in June, 1912, I first met Dr. (now Sir James) Cantlie, I found one who simply idolised him. Sir James was in practice in Hong-Kong in 1887, and then Dr. Sun met his future champion, and became the first graduate of the local College of Medicine. A record of his doings since that date has been given to the world by his devoted friend, who writes in no stinted language of his hero: “ I have never known anyone like Sun Yat Sen. If I were asked to name the most perfect character I ever knew, I would unhesitatingly say Sun Yat Sen.” Anticipating his critics, this enthusiastic hero-worshipper puts in the two following sentences about Sun: “ My respect and regard for him may appear to have warped my judgment and directed my pen in too narrow a channel. Let there be no mistake in this matter, however; I have restrained, not exaggerated, my feelings towards him.”

I found that this whole-hearted belief in Sun was not shared by Anglo-Saxons in China, and most certainly not by commercial men. It is difficult to trace the value of the influence of any one personality; but just as his biographer regards Sun as the saviour of his country, so do other Britons regard him as the greatest mischief-maker in the Far East. They point out that he has never accounted for funds collected, and that he took up a sinecure as Director-General of Chinese Railways. They pass on discreditable stories of his life and methods in Japan, and they certainly seem to have reason to complain that he is the inspirer of revolt. At first it was the Manchus; then it was Yuan; now it is the Northern Party. But it is fair to record that although Mr. Bland styles him “ the

perambulating conspirator-in-chief of the Radical Republicans," he acquits him of any sordid ambitions by calling him "in many respects an admirable character, unselfish, patriotic, and courageous, imbued with an unswerving faith in his own ideals and energy in their pursuit." And also: "His sincerity, personal honesty, and determination of will stand out in welcome relief against the sordid background of contemporary Chinese politics." But Mr. Bland warns us against one whom he compares to Danton: "His attitude and utterances in regard to the Manchus are in themselves quite sufficient to prove Sun Yat Sen a blind leader of the blind; in the cold light of history, they appear so fantastic and childish that, were it not for their visible effect upon Young China and Old England, they would scarcely be deserving of attention." Many of the British in China are inclined to give Dr. Sun full benefit of any doubt about his good intentions. But he unfortunately reminds them of the English Socialist, Mr. Victor Grayson, in his pre-war days. He is too much of a visionary for the practical problems which face Chinese statesmen of to-day. He seems to be a Chinese Socialist who believes in rebellion. While we cannot sympathise with his methods, while we are puzzled by his ideals, we find ourselves bound to admire his pluck in the early days of his efforts against the Manchus. His intentions may be too good for this workaday world; his visions so lofty and his gaze so much to the stars that he cannot see the precipice in his path. Yet we must believe that he has often risked his life for his ideals, and for that any man should receive due credit.

Dr. Wu Tingfang.—This remarkable old gentleman was closely related by marriage to a prominent Hong-Kong Chinese, Sir Kai Ho Kai; he has lived in Hong-Kong, and of late years he has frequently visited the colony. He is a barrister of Lincoln's Inn. I knew Sir Kai Ho Kai very well, and I have conversed with Dr. Wu on several occasions. This elderly diplomat played a prominent, if rather passive, part in the 1911 revolu-

tion. He had been for many years Chinese Minister at Washington, and consequently the revolutionaries trusted him with their foreign affairs. He was the senior of the two signatories of the manifesto issued by the Republicans from Shanghai. Whether he, or an astute young Australian journalist named W. H. Donald, was chiefly responsible for the official recognition of the new Republic by the U.S.A., may never transpire; but Donald was the more daring temperament, and he certainly was in the confidence of all of the revolutionaries. More recently Dr. Wu has definitely allied himself with Sun Yat Sen's party at Canton, and he has taken office in the so-called "Military Government." He was one of the first Chinese to go to America for an education, but he has never entirely lost the characteristics of the Chinese official. He is now over seventy years of age, is a vegetarian, uses neither tobacco nor alcohol, and he has announced his intention of living until he is 150 years of age. He has been a prominent figure in Chinese politics, but it is doubtful whether he will very much influence the future of his own country or affect the position of the British in China. He has, it is said, invested a good deal of his wealth in the British Colony of Hong-Kong. He obtained all of the advantages of his education because of the facilities provided by the British, but it cannot be said that he has been extremely pro-British in his attitude; not even when, from 1903 to 1907, he held office in Peking on the Boards of Commerce and Foreign Affairs. He will probably soon retire again to his European villa in Shanghai, and he will always remain a courteous and charming diplomat.

Liang Shih Yi.—Among the living politicians in China this Cantonese protégé of Yuan's is, perhaps, the most able. He has remarkable financial genius combined with rare literary skill, as revealed in the famous Manchu Edicts which he drafted. He was almost a David to Yuan's Jonathan, and it was through no lack of loyalty or ability on the part of Liang that Yuan failed to succeed at any part of his career. It

has been my privilege to converse, with the help of an interpreter, at length with Liang. He gives one the impression of possessing great ability. He is the inevitably successful man. If he had gone to Singapore, as other Cantonese have done, as a coolie, he would have become a millionaire. If he had settled for life in Hong-Kong, he would soon have dominated the property and the share market. As it is, he visits the colony, but he is not actively interested in its commerce. Yet he is far too shrewd not to realise what the colony stands for. In the years to come we shall hear much more of Liang Shih Yi. During the days of Yuan he was not on the stage, but he pulled all the strings. He could probably do more to restore law and order in his own country than any other Chinese now living, but perhaps it is impossible to combine financial genius and organising ability with a temperament that will permit a man to attempt what might well appear to his practical common sense as an impossible task. It may be that Liang Shih Yi thinks that no Chinese politician can work without foreign assistance in China.

Li Yuan Hung.—He was one of the Presidents of China's Republic, was elected first Vice-President of the Republic, and a prominent figure from 1911 to 1917. As a general in the revolutionary army, he sent a cordial greeting to the Pope. As President, he made an ignominious exit from the stage of China. He seemed to be lacking in the qualities essential for a leader, and he probably will never again count in the politics of the world or of his own country. He has "lost face," and that is fatal in China. It was generally supposed that President Yuan kept him more or less a prisoner in the Forbidden City, while he held the office of Vice-President. There can be no doubt that President Li was well-meaning, but he failed, and in China it is almost impossible to recover authority after a failure. But the name of Li Yuan Hung will appear in the history of China as a President of the Republic, although his was a short period of office.

Yuan Shih Kai.—He lived about one year too long,

otherwise he might have been called a great man. He spent a lifetime in building up a reputation as a slow, but sure, reformer who was also a statesman. He spent the last few months of his life in a mixture of bathos and pathos. It was one of the most pitiful ends in the history of the rulers of China, if we except the suicide of the King-Emperor. For Yuan, strong man of the Revolution, decisive soldier and man of action, at the last lost his nerve. He gambled for a crown, he attempted to found a dynasty, and he failed. And what made the failure of the gamble so pathetic was that it brought about the failure of the gambler's spirit. He did not rise above it. It would, however, be unjust to overlook his official life just because a cloud passed over the last few months of it. For Yuan left his mark on his country. He was a personality. He was "a king among his fellows," says Mr. McKenzie. "With strong body, an immense head, piercing eyes, he bears with him the sense of power." His first important appointment was the command of 3,000 troops in Korea (1882), and three years later he became Resident at Seoul. He saw the effects of Japanese efficiency in the war which took Korea away from China, and he never forgot it.

An American writer named him "Yuan the Red," and said: "When the final history of Yuan Shih Kai's administration is impartially written, the world will shudder, for there never has been a leader who has had a greater genius for the invention of evil." Yet the British in China put their hopes in Yuan at the time of the 1911 Revolution. They knew of his Oriental characteristics, but they also knew that a strong man was needed at such a critical period, and at least Yuan was practical. He was, perhaps, always a materialist; but at the time when there was a grave danger of Bolshevism in China, a masterful hand was needed. Yuan had a great deal of common sense, even if he also possessed cruelty and cunning amongst his characteristics, and common sense in government was very much needed if China was to be saved from disaster.

From the beginning it was evident that Yuan was a liberal evolutionist, and not a revolutionist. He had a contempt for the new ideas about equality of all men in China. He was a Northerner, and he never believed in the extreme demands of the young Cantonese reformers. He always thought, as many of the British in China think to-day, that the only system of Government possible to maintain order in China is a benevolent autocracy, whose ultimate goal would be a limited monarchy. No one knew the weaknesses of his own countrymen better than Yuan; he was, perhaps, the cleverest politician of his day.

It has been said that Yuan was "let down" by the British during the first Revolution. There is no doubt that, clever politician as he was, he recognised that if he could obtain our support, especially our financial support, all things were possible. The British Foreign Office certainly "backed" Yuan in the early days, for they rightly realised that he alone could maintain order in China. But at the critical moment the British did not supply him with the money upon which he had relied, and an empty purse in the Forbidden City gave the triumph to the revolutionaries. It is only right to add that many of the British in China had become so disgusted at the results of Manchu incompetence that there was, especially in missionary circles, a great deal of sympathy with young China. Nor is it at all improbable that American influence was nearly all on the side of the rebels, although the actual official policy of that country, as reflected in Peking, was to support Yuan and the monarchy. There is no doubt that the trading community of all European nations, especially Anglo-Saxons, were made sympathetic with young China by their cleverly conducted Press campaign and persistent canvassing.

Finally, as all the world knows, Yuan was beaten and the monarchy fell. Yet Yuan was invited by Sun Yat Sen to become President of the Republic—a rather typical method of compromise in China. How Yuan used the power that his office gave him to consolidate

his own position; how, finally, in a fit of political aberration, he was persuaded to attempt to become Emperor of China; and how the fierce opposition of the South caused him to abdicate with more haste than grace from a position he ought never to have put himself into, are all now facts of history. Soon afterwards he died, and his enemies have not hesitated to boast that his end was not a natural one. In the end Canton had its revenge on the man it always hated and often feared; it certainly hastened his end, by worry, if not by poison.

Yuan was undoubtedly a despot, but he cannot be judged by British standards. No one could defend the execution, without trial, of the Republican generals at Wuchang. Such deeds as the brutal murder of Chan King Wah, head of the police at Canton, made many bitter enemies. Nor was Yuan free from suspicion concerning the death of other opponents. Yet it may be said that the instincts of the British in China, who wanted a stable Government, were right when they said that Yuan was the only man to provide it. Yuan, for all his faults, played his part, except just at the last, like a man. Perhaps he came to the zenith of his power too late; twenty years earlier he might have been the Napoleon of his country.

The Empress Dowager.—An Emperor of China died in 1850; the Taiping Rebellion commenced in the same year—it lasted until 1864; and Yehonhala, one of the marvels of history, tripped on to the stage of the world, playing the part of a concubine for the new Emperor. She appeared as soon as his predecessor's period of mourning was over; she very quickly came in the glare of the footlights, and for about half a century she kept the British in China and the Chancelleries of Europe keyed up to a pitch of excitement difficult to describe. Fate smiled on her from the moment of her first entrance from the wings; she was lucky at the start, for she was the first woman in the Emperor's harem to present him with a son. The event in any family in China would have been heralded by all of the relatives with delight;

in this case it was a matter of national importance. The new Son of Heaven made his mother almost immortal in the eyes of four millions, and she was not slow to grasp any power within her reach. In a land where women were hardly considered, and were sold like cattle, a young girl of twenty-two became mistress of millions. And for sixty years that fierce, daring, and cruel spirit ruled with a rod as rigid as that wielded by any masculine tyrant known to history. Her main characteristics were her astonishing energy, complete unscrupulousness, fierce cruelty, lightning-like decisions, a will of iron, remarkable personal magnetism, an ignorance of anything extraneous to China, an amazing ambition, a super-feminine vanity, pride beyond description, great cupidity, and a sheer delight in life as she lived it. Her standards and ideals were not those of the Anglo-Saxons. A dozen romances could be written round her life, and thousands of pages could be filled with the details of her astounding personality and remarkable career.

Tenacity and pluck impress Eastern as well as Western peoples more than statesmanship or wide visions. Yehonhala was always "game." She knew what she wanted, and she invariably got it. "Nothing succeeds like success," says the proverb, and at twenty-two she proved the truth of it. Nor was she foolish enough to underestimate the value of wealth in an Oriental country. When her consort, the Son of Heaven, lay dying at Jehol, she found out that the Imperial clansman, Su Shun, and his two fellow Grand Councillors were plotting to secure power. She knew also that Su had accumulated a fortune by ways dark and devious. By means of clever strategy she thoughtfully abstracted the seal of the dying Emperor, and, immediately on his death, hastened to Peking. The three Grand Councillors were compelled, by etiquette, to travel slowly with the bier; she planned and plotted, and with her smiles, wiles, money, and the Imperial Seal, she won over to her side the troops, the nobles, and the officials. On their arrival at Peking the three Grand Councillors were

arrested; Su was executed, the others were permitted to commit suicide. And Su's huge fortune nearly supported even the wild extravagance of the rest of Yehonhala's life.

So far as her relatives are concerned, the story of "removals" is one continuous record of villainy. First, the dead Emperor's wife, her co-Regent; then her own son; then the son's wife, who was soon to become a mother; and, finally, the "abdication" and subsequent death of the son of Prince Ch'un, who had been in name only the Emperor of China. And all of the time licentious episodes were spatchcocked in between plots and movements, against foreigners and those of her people who stood in her path. Everyone accepts as true the stories of her wild excesses, and most people believe the story recorded in great detail by the native pamphleteers that the so-called chief "Eunuch" was the father of a son of "the old Bhyddha"; but of the existence of such rumours the versatile lady took no notice. And all the time this human tigress sent out "Edicts" full of compassion and honeyed words and naïve questions, while millions of her subjects toiled to pay tribute for her amazing caprices. Poverty, violence, and famine stalked through the land, but she remained callous at heart. Surely there never was such a woman, and certainly the world will never see her like again.

Towards the British her attitude strikes us as childish, but it was founded on ignorance, pride, and the intoxication which ultra-autocratic government seems to cause. One of her first acts, in the Emperor's name, was to stop negotiations for peace with Britain and France. In her energetic manner she published an edict commanding an immediate attack, and including the following amiable incentives: "Hereby we make offer of the following rewards: For the head of a black barbarian, 50 taels; and for the head of a white barbarian, 100 taels; for the capture of a barbarian leader, alive or dead, 500 taels; for the seizure or destruction of a barbarian vessel, 5,000 taels." She was too cunning not to recognise when the "barbarians" were winning, and she was

probably a much more dangerous enemy of the foreigner when all seemed calm. But she never understood the might of Britain, or that of the other European Powers. She despised us, even after the most salutary examples of just retribution for murders and breaches of faith. With Oriental subtlety she played off one Western Power against the other, and when she seemed to be most friendly she was always scheming to rid her land of those troublesome European traders. Her last effort was the Boxer outbreak, and it is doubtful whether even the failure of that conspiracy really impressed her with the futility of her efforts to exclude China from the rest of the world.

The British in China were kept alternately amused, alarmed, and irritated by this greatest of all enigmas in the land of make-believe; chivalry demanded generosity towards a woman, but the pride of the foreigners was so frequently affronted that they would certainly have welcomed her retirement from active participation in affairs of State. Yet they knew that that was impossible while life vibrated behind that iron will; so they accepted the inevitable with what good grace they could muster. Very seldom did any of them attempt to interfere with Chinese politics; and although British missionaries doubtless refused to condone the personal vices of the "old Bhuddha," and officials probably prayed for a less crafty ruler, the traders went on with their efforts against the heavy odds imposed by the almost mythical Yehonhala. As we look back over these long sixty years, when she did her utmost to drive, by any means, fair or foul, our countrymen out of China, we grow indignant at the dastardly attempts on human life, the chicanery of all the efforts to gain her ends. And yet, being British, we find that our last thoughts include more than a touch of admiration for the pluck and tenacity which carried her through her amazing career. If she supplied those of our countrymen who lived in China before our time with anxiety, she has left us Romance: China becomes a more interesting country because of the

stories of the "old Buddha." But on the whole she was as great an enemy of the British as she was of the patient millions over whom she held her sway.

Chang Chih-tung.—Chang was a leader of the reformers of China. He was very able and learned, and he possessed a remarkable memory. From 1884 to 1889 he was Governor-General in Canton. While holding his post he became impressed with the economic importance of metals and mining. He established the largest mint in the world. He had the idea of forming trunk railways in China. When he was authorised to construct the railway by the Imperial decree he ordered machinery and furnaces from England to smelt iron in China on a big scale. As Hankow is the centre of the railway, he was transferred as Viceroy to Hupeh. At once he had a survey of coal and iron mines in the province. He found that Tayeh—in Hupeh—was well furnished with iron ores, and Ping Ping-Hsiang, on the border of Kiangsi, with coal. He then erected a steel plant in Han-yang with great difficulty. The work took three years' time, and cost ten million taels of money, obtained from the Government. The next thing he did was to join these three places with railroad, and until now the plant is the largest in China. Financial difficulties compelled Chang to negotiate with foreign capitalists, and the plant now is well mortgaged with Japanese loans. It is worthy of remark, however, that as far back as 1884 there was a Governor-General of Canton who was a pioneer of industrial progress in China.

Li Hung Chang was born in 1823 at Hofei in Ngan-Hui, and in 1847 graduated as a *Tsin-shi*, two years later entering the Imperial Hanlin College. At the outset of the Taiping rebellion he raised a local force for the defence of his province, and so attracted official attention. Later, supported by the "Ever Victorious Army" of Charles George Gordon, he captured Suchow and Nanking, treacherously murdering the rebel "wangs" after the fall of the old Chinese capital—a deed which nearly cost him his life at Gordon's hands. Later

Li Hung Chang dealt a final blow at the revolt, and after the Tientsin Massacre was called to the influential post of Viceroy of Chihli. Here his best work was done in keeping down anti-foreign agitation, and as Superintendent of Trade in opening the way for more extended commerce. In 1875 he brought about the *coup d'état*, when Kwang-Hsü was set up as puppet Emperor under the regency of the two dowagers.

All his efforts as a patriotic son of China were directed to strengthen the Empire. His own troops were drilled and armed in Western fashion, and he strengthened the Navy and the forts of Taku and Port Arthur with a view to meeting Japanese aggression. In spite of his efforts to avoid it, war broke out on the Korean question, and China went down. His later history and embassy to Europe is well known. Recovering from the assassin's bullet at Shimonoseki, Li Hung Chang continued to be the supreme director of Chinese foreign policy, but in 1900 was transferred to Canton. His last service to his country was the conclusion of peace after the Boxer outbreak in September, 1901. He died about two months later.

A typical Chinese statesman, Li Hung Chang did his country good service. He was not free from the financial peculiarities of so many of the old officials of the Empire, and amassed great riches. Genial and kindly, as a rule, his occasional cruelty may be excused by rebel excesses. More clearly than many of his contemporaries, he saw the urgent necessity of striking a new trail in Chinese foreign policy. He unfortunately always had a grievance against England that she did not offer her services and act as mediator in order to prevent war between China and Japan. He said she could have done so with complete success, and so have saved his country from shame and defeat.

It seems almost inevitable that in a few years the Chinese who will be in political power will be those who have been trained in European colleges. There will be leaders of the type of C. T. Wang, who will strive to do their utmost for their own country, and will scorn

the old official ideas. There is only one danger, and it is that in their enthusiasm for the regeneration of China they will underestimate the value of advice from expert Europeans. But no doubt they will realise that experience and technical knowledge cannot be gained easily in a single generation.

CHAPTER XXIII

NEWSPAPERS IN CHINA

THE leading newspaper in the English language in China, the *North China Daily News*, is published in Shanghai. It has, so far as the writer is aware, always pursued a policy of frank criticism of all things British and Chinese, at the same time doing its utmost to encourage trade and friendship between the two nations, thus maintaining the best traditions of the British newspaper Press. The most powerful institution in China in 1910 was the Hong-Kong and Shanghai Banking Corporation. It was closely associated with Messrs. Jardine, Matheson & Co., the British and Chinese Corporation, and various other flourishing commercial concerns in the Far East. Despite all of this influence, the *North China Daily News* exposed the German tendency of its policy, and it protested against those who had "arrogated to themselves the disposal of British treaty rights, and surrendered the British commercial claim on the Yangtze basin." Its concluding words, "This may be finance, but it is not patriotism," was evidence of its intention to watch British interests. That policy is still pursued.

It required great courage on the part of newspaper editors and proprietors, in those days of cosmopolitan finance and subterranean connections, to take up an independent and militantly British attitude. It requires equal courage now to rebuke those of our over-enthusiastic countrymen who would behave to our beaten enemies in a manner which most of us think would be quite unworthy of British traditions. In all

of these matters those who direct the policy of the *North China Daily News* have kept their heads. That journal has not hesitated to rebuke, on occasions, its own countrymen, the Governments at Peking, Young China—all and sundry. Although it has rebuked, it has also often encouraged. It has always been independent. Its columns have been the rallying-point of British interests in China. At the same time, it has consistently striven for the economic and political development of China.

While its circulation is chiefly among the British in China, it is read by a large number of English-speaking Chinese. To these people it represents Great Britain, and hitherto it has been worthy of its mission. Its chief circulation is in the Yangtze Valley, but all over China its subscribers look forward to its arrival by post. It is, amongst the British in the Far East, in a position somewhat similar to that held by *The Times* in Great Britain. It is not so bulky as the London daily; it closely resembles a provincial newspaper, such as the *Birmingham Daily Post* or *Manchester Guardian*. It has, from time to time, published contributions from Britons in China on all sorts of topics dealing with that country. As there are no monthly magazines, like the *Nineteenth Century* or *Contemporary*, in China, this journal to some extent supplies their place with its "occasional" contributors.

There are other newspapers—daily and evening—published in Shanghai. Of these the *China Press* is distinctly American in its "make-up" and conduct, although disposed to be most friendly to British interests. It is said to be controlled by an Englishman. But for its headlines, its "funny sketches," and its various sections, it might be called a British production; but these unmistakable signs of the journalism of the United States give one the impression that it hopes to appeal chiefly to the white men and Chinese who have lived in that country.

Hong-Kong Newspapers.—One of the puzzles of the Orient is connected with the Press in Hong-Kong.

How it is possible for two daily and two evening English newspapers to survive is a mystery. There are no political organisations to subsidise the Press of the colony. All of the "home" cables appear in all four papers, and most of the local news is almost identical. The subscription to any one of them is \$36 (say £3 12s.) per annum.

The oldest of the newspapers is the *Hong-Kong Daily Press*, which is reputed to be the medium of semi-official announcements. It is also supposed to be the most influential journal in the colony, but it has not hesitated to unsparingly attack the local Government; and it has indulged, in that connection, in such words as "autocratic" and "despotic," with great pungency. Its friendly rival is the *South China Daily Post*, which offers greater bulk for the same money. It is rather more "popular" in tone, and less "official" than the *Press*.

The *China Mail* and the *Hong-Kong Telegraph* are the two evening papers. As there are only races in Hong-Kong for a few days in the year, the gambling instincts of their readers are compelled to be satisfied with the fluctuations of the local share market and the exchange.

All of these newspapers rely, in varying extent, upon articles "lifted," but acknowledged, from the British and, to a much less extent, the foreign Press. Features are the letters from home, Canton, Peking, etc., from correspondents who send their contributions by post, since the cable rates are so expensive. A feature of the British daily newspapers in China is a weekly reprint of the chief contents, for those who wish for a general summary of life in China. These are mostly mailed abroad as weeklies.

The other places in China where the British have settled produce small newspapers, but those of Shanghai and Hong-Kong must be considered the most influential. It must be mentioned that there are some excellent newspapers in the Straits Settlements; a proof that

these are read by the Chinese is found in the number of copies sent through the same post to the students of the University of Hong-Kong. Many of these students receive newspapers from England.

The Correspondents in Peking.—The capital cities of the world are the centre of political gossip and intrigue. Peking probably excels all of them for both commodities. The news from the centre of the Chinese Government seems able to keep quite a number of able English journalists occupied. Some of them, such as Dr. Morrison, have ceased to advise the public, but have been retained by the Chinese Government to produce words of wisdom on demand and at a most desirable remuneration. Others have used their talent in other and, again, possibly more profitable fields of enterprise. Many of them have written books about China, as well as newspaper articles. All of them have had an influence upon public opinion in Great Britain and China. The only criticism of their work that can be offered is that they are all far too much inclined to convey to their readers the impression that nothing south of the Yangtze Valley counts in political and industrial China. That was the mistake made by the Manchus, and it was the undoing of that dynasty. In some cases—for example, that energetic Australian and journalist, Mr. Donald McDonald—these correspondents have had not a little amusement and excitement in working behind the scenes in Chinese politics. In one way and another they have helped to make and record recent history in the Far East. It can be said of the British journalists in Peking that they always do their utmost to maintain the high reputation of their profession.

There is published in the capital the *Peking Daily News*, which is printed in English, is official in tone, and is said to be edited by the *Waiwu Pu*, one of the departments of the Government. There are several other journals, printed in English, which are supposed to be owned or guided in policy by the Chinese. They

are usually supporters of some political faction, and are invariably very anti-Japanese in their comments on Far Eastern affairs. Such a paper is the *National Review*, which was published weekly in Shanghai. Before the war it provided the Briton in China with some most entertaining literature.

There are various periodicals or pamphlets published by missionary societies, educational bodies, etc., in the English language. There is a trade journal which should be mentioned, the *Far Eastern Review*, published in Manila and Shanghai. It is remarkably progressive and enterprising, dealing not only with engineering and financial matters, but with political affairs as well. There is also now the *Journal of the British Chamber of Commerce* in Shanghai. In addition the weekly *London and China Express*, with its monthly supplement, *Eastern Engineering*, circulates, not only in Great Britain (where it is printed), but all over China. It was *Eastern Engineering* which was very largely instrumental in bringing about the formation of the British Engineers' Association. Long before the war it was anti-German in its policy; it exposed all of the scheming and deceit of the commercial and political policy of the Teutons in China, and it refused all advertisements from non-British firms. It has consistently supported British enterprise in China. The writer acknowledges, with gratitude, its influence among British engineering firms, when he made the successful appeal for the engineering and scientific equipment of the University of Hong-Kong. All the British newspapers in China, as well as the *London Times*, *Daily Telegraph*, *Westminster Gazette*, and all the technical Press in Great Britain, also supported the appeal made in 1912. Without their valuable support the £12,000 worth of equipment would not have been presented to the university by British engineering firms.

The British Attitude.—The war was a great educator in many ways, and the British in China now realise that the Press can exert a very powerful influence.

The general attitude of Anglo-Saxons in China is to encourage the native Press of China to obtain news from all over the world, and to advertise in those newspapers which favour a steady development of the economic resources of the country. Every encouragement should be given by mercantile firms to the patriotic British newspapers in China and the native Press—when the latter is well conducted.

CHAPTER XXIV

THE CHINA OF THE FUTURE

THERE can be nothing more fascinating than an attempt to foretell the future life of the Chinese people. Sometimes when a particularly bright student favours me with a glimpse at his outlook, and surprises me with a sudden flash of his Eastern ability, I pause and try to think that he is a specimen of the artisan of the China of fifty years hence. For it is no exaggeration to say that the mechanic of Britain or America of to-day has a mind more keenly pointed, a much wider knowledge of Nature, an outlook more fearless than was possessed by most university students of those countries of fifty years ago. And I seem to see a new China, no longer alternately envious and fearsome of Japan; no longer embracing superstition and accepting *Feng Sui*, no longer thinking to appease by enormous families ancestors who perished before this generation was born; no longer suspicious of the foreigner, and frightful that he will enrich himself but leave China poorer. It will be a China that will only read of long-forgotten clogs of progress, as we British read of the orgies of the Stuart Courts or the "mercies" of Cromwell in Ireland. It will be a China which sees that industrial development must take place according to carefully thought out plans, and not in a haphazard manner.

Let us try to picture the new China as we, perhaps, shall never see it, but as it is possible for it to grow. Not as it really will grow; for there are even now influences at work, dynamic forces of which we all of us

are ignorant.' Unborn inventors will make the real China different from that which we shall attempt to forecast; some new Confucius or Darwin or Stephenson may change the outlook of the whole world, or particularly affect the children of the Far Eastern Republic.

The Language.—It can hardly be doubted that all educated Chinese will speak one language, probably that now called Pekingese. The dialects will die out, just as Gaelic and Erse are slowly dying out in Great Britain and Ireland. There is already only one written language in China; all the schools will, fifty years hence, do oral work in only the national language. There will be dialects among the peasants, just as there are dialects in Western Ireland and Northern Scotland. But, with the real unification of government, the rapid transit, the spread of the use of the telephone, so that the business-man at Tientsin is in daily conversation with the man of commerce in Shanghai, Hankow, Canton, and Chengtu; the growth in the use of the gramophone; these, and other new space-destroying contrivances, will lead to the establishment of a common tongue. A parliament, with its corresponding formation of parties and perambulating politicians; the travelling drama, and even the itinerant musical comedy and the wandering religious preacher, will all have had the same effect.

In those days China will have established the *viva voce* examination for State examinations. She will no longer care what province her officials come from. A board of directors will sit in Hankow and will wield powers all over China. Men will join the board from Yunnan or Chihli. The servants of a company in Peking will be sent to give expert advice on coal-mining in Kwangtung or Honan.

The words of command for the army and the navy will be in one language. Whether the state of world-politics of that day will render necessary universal service, or whether these forces will be a part of an Asiatic police force to maintain on the continent, and

the seas surrounding it, law and order, is quite immaterial. There will be such a force, and in order to maintain a healthy circulation, and to stimulate patriotism, its officers, and probably its troops, will be moved about all over China. Moreover, the people from the different provinces will intermarry much more in the China of fifty years hence than now.

There is already the great advantage of the one written language. It will make much easier the spread of a common tongue. Of course, the spread of an alphabet and the Romanisation of the language would also help matters. The present state of affairs is curious. My Chinese friend, who often goes to Shanghai on business, has a visiting-card with his name in Chinese characters. But there are two English translations. For in Hong-Kong he is called Mr. Ng, but in Shanghai he is, I believe, Mr. Wong.

It seems certain that the Japanese-written language and the Japanese writing will become more and more affected by the Chinese. Fresh Chinese words are creeping in. The Japanese in Manchuria, Korea, and China are using the Chinese language. All of the tongues of Babel seem to be let loose over Eastern Asia; but unification has set in. The Chinese will once again absorb the others.

The Other Tongue.—There will be a second language of China, and it will be English. It will be incumbent upon every well-paid official, every successful merchant, every professional man, to know English. In practice the Chinese student is remarkably quick at reading and writing this language so utterly dissimilar to his own. Fifty years hence the graduates of the many English-speaking universities of China will all want to complete their studies by travel in America and the British Empire.

Locomotion in China.—If you will look on the map of Eastern Asia you will see the position of Hankow, about 600 miles up the Yangtze River. It will be the hub of the wheel of industrial China, and from it will radiate many railways, like the spokes from the hub, to the

provinces of inner and outer China. Through Central Asia will be lines as long as the Trans-Siberian Railway. Over the Roof of the World the iron horse will thunder, or the electric train will glide.

The traffic between Hankow and Canton and Hong-Kong will be so heavy that we may expect four or half a dozen tracks. Singapore will be the great terminus for South-Eastern China, but the merchant from Hankow will travel thence by rail, rather than waste his time at sea, as he journeys to Java, Borneo, and the other islands of the Pacific. Minerals will come from far-away Chengtu and other points on the rim of the wheel, and Hankow will be the greatest railway terminus of the world.

On that railway map of fifty years hence many lines will converge on to Canton and Hong-Kong in the south, and Tientsin or Chinwangtao in the north.

Electric Railways in Asia.—China is a land of huge rivers and many rushing waters. National conservancy will have ensured that these streams no longer expend their energies on washing away the river banks and causing famine and floods. The "white coal" will do its work in the China of fifty years onward, as it is doing it in the Switzerland, Italy, and America of to-day. In those places where there are no waterfalls, or where it is inconvenient to transmit high-tension electricity, there will be huge industrial power-stations, using gas-producers or vaporised oil, but no smoke and ugly chimneys.

There will be roads—wide, twentieth-century roads—along which the private cars of the wealthy Chinese and the European tourists will pass, as well as the industrial traffic. If, in those days, my son's son is in Hong-Kong, and he wishes to go home to England, among the many choice of routes will be the motor roads across Asia. He may elect to make a southern loop and see Burmah, India, and Afghanistan on his way, or he may go north to see his friends in Hankow and Urga. He will most certainly refresh himself from the damp, depressing climatic conditions of the summer

in Hong-Kong by means of extended week-ends to the plateau of Yunnan, or a rapid sea-trip to visit some of his American friends in the Philippines. For he will run down to Manila in a super-*Mauretania* in less than twenty-four hours.

I have left out of account the aeroplane and airship services that will be available all over Asia.* I don't suppose we shall really call airships Zepps, any more than we call motor-cars Daimlers or locomotives Stephensons. But those of us who live to the year of grace 1968, will most certainly see these great vessels whizzing through space, wirelessly to all and sundry, possibly having hourly "extras" printed in English on board so that the Asiatic and European passengers alike may follow the fluctuations of the Hankow, Calcutta, Paris, and London share markets, or hear the result of the once-round-the-world-at-the-Equator newspaper-initiated aero race.

If I am alive, I shall tell my great-grandson that in 1916 the Chinese students of that "ancient seat of learning," the British University of Hong-Kong, had never seen an aeroplane, and many of them took weeks to journey from different parts of China to Hong-Kong. I shall try to tell him about the awful muddle with exchange and coinage, and we shall have some copper "cash" as curios in the family. I shall tell him of how in Hong-Kong we tolerated malaria, plague, and other tropical diseases when we all knew that they could be stamped out. I shall tell him, with sorrow, of how the European nations came to China to preach peace and goodwill, while Europe herself narrowly escaped the strangle-hold of an iron creed of militarism.

And as my great-grandson reflects upon these tales of history, and sees what the little islands called Great Britain have done, he will, I am sure, be very proud of his race. I hope that he will also know something of the history of China. I do not suggest that he, or

* The recent issue of Treasury notes by the Chinese Government to pay for aerodromes and aircraft will be fresh in the reader's recollection.

any of his countrymen, should even contemplate ancestor worship. But I hope that both Europe and Asia will not entirely ignore the spirit, whilst smiling at the story of the details, of that old Chinese cult. I would like to think that they, too, paid an annual homage to the priests and the prophets of the world, always remembering, with a pardonable racial pride, the famous men of their own country.

I think that the new China will produce remarkable scientific researches. I know the children of no Western nation that have the same wonderful powers of absorption, the infinite patience, the extraordinary desire to shine intellectually, as these young Chinese possess. And they are very ingenious. The son of the man who does the carving in ivory in Canton, who produces three or four balls, one inside the other, all carved, from a solid lump of ivory, has not much to learn in the matter of concentrating his powers upon experimental work. They know that China began that era of discovery in which the compass and the printing press have played such an important part, and their ambition is to show that these powers of invention are still latent in the nation. They will succeed.

The Politics of China.—It can hardly be doubted that China will remain democratic in practice, and that in fifty years a stable form of government will have been established. I do not believe for an instant that any nation—Western or Eastern—can from this day hold China in complete political subjection. The day for government by an alien power has passed. It is very unlikely that China will remain for fifty years under financial obligation to other nations, but of that I am less sure. That she will produce great wealth is certain; but what I fear is that it may be squandered. Corruption is the deadly foe in official life. I only wish that the outlook for even the next ten years in connection with political honesty and integrity of officials seemed to me brighter than it is. But there exists a great force for good in the multiplication of the newspaper and magazine reading public. I would like now to see

printed in Chinese, and widely circulated in the many thousands of Chinese clubs, magazines, thoughtful and patriotic, as the English *Fortnightly* or *Contemporary*. And in fifty years' time such magazines will be common in China.

I find myself very anxious, in the meantime, about Japan. Without wishing in any way to discuss the rights and wrongs of the case, as between Japan and China, it is evident that the Chinese are cultivating a spirit towards Japan which augurs ill, although I do not entirely blame the Chinese.

The Population Question in China.—My medical friends in Hong-Kong tell me that out of every hundred children born to Chinese parents in the colony, eighty-five die within a year. Efforts are made, as far as it is possible, to educate the mothers and prospective mothers into the elementary principles of baby-rearing. It is all such appalling waste, this suffering and pain on behalf of the eighty-five out of every hundred children born. It is accepted with the fatalism of the East, until a little Western knowledge makes these mothers understand that such sorrow can be avoided. They train Chinese midwives and nurses in Hong-Kong, but progress is very slow. The deaths are due to ignorance. Probably not less than 10 per cent. of the children born in China Proper perish before they reach a birthday. Yet the Chinese increase and multiply in great numbers. Hitherto the mouths have beaten the food supply, and abject poverty and misery has resulted. Down through the ages has come the command of Confucius to multiply. Not a woman exists, or has for centuries existed in China, who has been denied the opportunity of bearing children. That has been the one unanimous wish of all Chinese men to produce offspring; it has been something more than a wish, it has been an obsession. The present fecundity of the race is from fifty to sixty per thousand—three times that of America.

Ancestor worship, early marriages, the inferior position of women in China, and this absorbing passion for large families will pass away. With the advance of medical

and sanitary science in China, the death-rate will probably reach down to about twenty per thousand. If the birth-rate continues at fifty per thousand, there would soon be an outpouring of the Chinese race to other parts of the world. But the birth-rate will inevitably decline. Modern education is delaying the age of marriage. A few days ago the wedding of one of my graduates was held in the cathedral of Hong-Kong; everything was European style. The bride and the bridegroom had been about to theatres, tennis, and other social engagements for three or four years before they were married. Both were some twenty-four years of age. They have gone across the Pacific as first-class passengers on a turbine-driven "Empress" boat for an extended honeymoon. The educated young Chinese demands an educated wife. In the West we have the saying: "Men are what their mothers make them." In the East, Confucius and Mencius were greatly influenced in character by their mothers. But since the days when woman was bound, mind and foot, there has not been one great man in China. "All the railroads that may be built, all the mines that may be opened, all the trade that may be fostered, cannot add half as much to the happiness of the Chinese people as the cultivation of the greatest of their undeveloped resources—their womanhood."*

With the spread of industrialism and science in Britain, the number of people in that country has rapidly increased. Yet the population are much wealthier *per capita*. In 1790 it was less than eleven millions; now it exceeds forty, and all the time the sons and daughters of Britain have been peopling North America, Australia, South Africa, and other vacant places of the earth. With improved transport, with the better wages that should follow the opening of mines, and the use of machinery, with the very great increase in the area of cultivated land, the population of China will certainly increase. That need alarm neither Europe nor America. The census returns for

* "The Changing Chinese," 1911, Professor E. A. Ross, p. 215.

the country show that between the years 1741 and 1851 the numbers grew from 143,000,000 to 432,000,000 souls. An increase of 300 per cent. in 110 years is not likely to be repeated. And, above all else, the Chinese are peaceful, unless they are themselves attacked. The mass of the people will continue, for some generations, in the traditions of their fathers, and possess the overwhelming ambition for numerous offspring. The death-rate will fall, not only because famine, flood, and rebellion will entirely pass away, but because a knowledge of Western medicine will prolong the average life in China. Forces will, however, operate in the opposite direction. The spread of Western knowledge will have its effect. Marriages will take place later in life.

In the meantime there is every indication of a considerable increase in the numbers of the Chinese race. The population at present is concentrated near or in certain cities like Canton, Hankow, and Shanghai, but there is no place to compare with London or New York. It seems to me almost certain that Greater Hankow, which will include the urban district within a radius ten miles of Hankow, will contain from twenty to thirty millions, in fifty years' time. Canton to-day, with its primitive handicraft trades, supports more than a million people, but the Greater Canton of an industrial era will contain from five to ten millions. Probably Hong-Kong will be larger than that. The lack of transport facilities, and the presence of brigands, keep the people in villages mostly near the rivers. They must get to the centres of population somehow, and the waterways are the only means just now. It is said that, however fertile the soil, there are but few inhabitants five miles from the banks of a river, for what is the use of crops that cannot be sold? But with the building of roads and railways there will be much more land under cultivation in China.

These people, who have silently beaten the Malays in Malaysia and the Siamese in Siam, will overflow, not towards Europe or America, but into South-Eastern and North-Eastern Asia. They will gradually people

that long chain of semi-continental islands which stretch from Singapore to Australia. The easy, indolent native of the equatorial Pacific may be washed away by the rising of this Chinese flood. It will be like the disappearance of the Red man in America, but there will be no fighting. It will be the survival of the fittest, but it will not be a military war. The women of Siam and Java and Malay have already been drawn into the orbit of the teaching of Confucius, and many of their sons have Chinese fathers, and call themselves of the race Chinese. Even the listless Philippino blood seems to become energised when commingled with that of the natives of China. But when these races come within the family influence of the Chinese there is no doubt about the future of the progeny, for the cult of ancestor worship is enforced, and the boys think only of their Chinese forbears. It is a wonderful process, this absorption. Sometimes I think that in the long-distant future it will even affect Japan, where domestic morals are not at present high enough to resist this subtle cult. The Chinese have always absorbed Asiatics who attempted to govern them.

I think that the British in the Far East need not fear the future too much, with the exception of their own commercial future, which is in their own hands. Just as it is true that our own nation has bred inventors and has grown wealthy and developed an Empire because of the energy, enterprise, and inventive faculty of the people, so will the British meet these vast race problems and solve them peacefully, by exercising common sense and charity. Great Britain will take her place in the Council Chamber of that peaceful Federation of the World, and she will have behind her that unique record in its development which no other nation will possess. The Chinese representative at the Council of the Federation will never advocate war. Influential British representatives at the Paris Peace Conference were, so they informed me, greatly impressed by the Chinese delegates.

When I see the pitiful child-labour of present-day

China I grow 'sad; and when I watch the women carrying loads of bricks or rubbish, and think of their utterly animal existence, I look forward with hope to the new China that is coming. When I see around me rampant phthisis, and note small-pox in the streets of Chinese cities, it all seems very terrible and unorganised. But when, after a visit to Canton, I come back to the little British colony at the mouth of the Pearl River, I, like Kipling, "swell with patriotism." Not only because of the many ships that are in the harbour which we have made that belong to us, but because we built them and did other practical work. Not so much because of the great wealth of the Empire as for the good that has been done with it, and for the character of the people who developed the wealth. Not because of my delight in the splendid literature which my countrymen have handed down, but because it has inspired those great fellow-countrymen of mine to clear the jungle, bridge the torrent, drive back the spectre of famine in every continent. If they have reaped some material reward, as individuals, it is good; for, after all, virtue should be rewarded, and energy, enterprise, and initiative are virtues. If they have benefited their own country it is even better, for they drew the inspiration for their life-work from that homeland. But since they have benefited millions of Asiatics and other races—since, as an incident in their process of "tidying-up," they have banished slavery, torture, superstition and cannibalism—it is best of all; because not only have great things been accomplished, but the possibility of greater things has been outlined. So in the next fifty years Britain will wield her influence over Asia, and China will not remain unchanged. If, at times, we are discouraged at set-backs, if human nature disappoints us once again, as it has done so often; if it seems that all this rushing to and fro means nothing, and that only the silent contemplation of an ascetic looking for Nirvana is worth while; I think we may rest awhile in our labours and leave the present and the future for a glance at the past. We shall return to our

work invigorated with the knowledge of what has been done, which will again inspire us to hope for good things ahead of us. If the Chinese Revolution produced place-hunters, it also showed instances of self-sacrifice. If the Far Eastern Republicans fell short of their ideal, they are not the only politicians in the world who have disappointed their followers. They will become more practical in time; gradually progress in government and science will show itself. Industries will develop, trade will expand, and the new China will be a place worthy of the great traditions of an industrious and intellectual race. And in accomplishing that result, Anglo-Saxons will have played a not ignoble part.

APPENDIX

JAPAN AND TEXTILES

LAST July (1919) Mr. E. B. Crowe, C.M.G., Commercial Counsellor to H.B.M.'s Embassy in Japan, addressed* the London Chamber of Commerce on "Recent Developments in Japanese Trade." He emphasised the fact that she is now a far richer and more important country than she was in 1913, or than she would have been, allowing for the general progress which she would have made, had there been no war. Since Japan emerged from her seclusion she had been at war three times, and each time she had come out stronger and more powerful. Alone of the Great Powers she has actually decreased her by no means excessive National Debt, and has been able to invest the proceeds of her favourable trade balance to the extent of well over 100 million pounds in Allied securities.

Her foreign trade for the year ending February, 1919, increased by 172 per cent., as compared with an ante-war period of one year, ending July, 1914 (yen 3,703,727,096, compared with yen 1,359,950,901), and the bills cleared throughout the country during the same periods show the marvellous increase of 432 per cent. (yen 57,136,758,093, compared with yen 10,725,252,142). The general prosperity is also indicated by a growth of 186 per cent. in the deposits of the Post Office Savings Banks (yen 578,037,000, against yen 201,687,000 at the earlier date). Against the present note issues of yen 848,740,000 there is a gold reserve of yen 705,680,000, the greater part held in London and New York.

* *Board of Trade Journal*, p. 83. July 17, 1919.

Two other very important points were made by Mr. Crowe. "Business is no longer despised. The business man in Japan to-day is a very important person, and he is often a clever, brilliant man." And again: "It should always be remembered that in Japan the business world looks to the Government for guidance, and relies on officialdom for assistance to a degree which would be quite inconceivable in this country." Bearing these points in mind we can proceed to get some idea of the present position and future prospects of Japanese textile enterprise.

According to information contained in articles contributed to the technical journal,* *Chugwai Shogyo Shimbum*, probably no less than thirty or more new textile companies have been organised subsequent to the outbreak of war, with a capital of about 70 million yen. In December, 1914, the number of spindles in Japan was estimated at 2,657,000, and it was hoped by the middle of 1919 to have had 4,700,000 in operation. However, on account of war delays, England has been unable to cope with the orders placed there, and though in consequence in 1916 280,000 spindles were ordered from America, the number of Japanese spindles in June, 1919, was only 3,227,000. As a matter of fact the very shortage of spinning machinery has actually led to enormous profits being made by the spinners, the average profit per bale of No. 18 yarn having risen from between 8 to 12 yen before the war to the present profit of anything between 30 to 100 yen. There is, in fact, an extraordinary demand for goods for export, and an equally heavy demand on the home market. Some 100,000 spindles are expected to arrive from England during the second half of 1919, and probably 1,000,000 spindles more in the year following. It will, however, be wise of the English manufacturer to recognise that the Wuppertal textile machinery industry still hopes to do good business with Japan in exchange for Far Eastern products sent to Germany.

Owing to the lower costs of production in China

* Cited *Board of Trade Journal*, p. 343. September 11, 1919.

and the comparative cheapness of sites, Japanese capitalists are turning their attention to this field of enterprise, and the Naigwai-wata Kaisha, the Shanghai Boseki Kaisha, and the Nikkwa Boseki Kaisha, in which the Hungyuan Spinning Company was recently amalgamated, are already working there. Japanese cotton yarn and fabrics have practically driven Indian goods from the Chinese markets, and are rapidly gaining ground in India* and Australia. This has been largely due to the long hours and low wages of the Japanese textile operative.

In respect of the hosiery trade, the figures for the first quarter of 1919 show that there has been some revival in the export trade to China, Kuntung Province, the Straits Settlements, Russian Asia, and England, but a decrease in exports to India, the Dutch East Indies, Australia, and other countries. However, the actual value of exports has risen owing to the rise in the price of the material.

Japan has hitherto imported American raw cotton in large quantities, but at the present time the Government is encouraging the development of cotton cultivation in Korea in order that Japanese manufacturers in the future may be less dependent on foreign supplies. By 1928 it is hoped to produce annually in Korea 333,000,000 pounds of raw cotton.†

It is reported that in India the Japanese Cotton Spinners' Association practically rules the market for raw cotton, and in the country districts Japanese buyers are found in the cotton markets. Often they gin and bale their own purchases.‡

Besides the cotton industry, Japan has other textile interests of less importance, from the point of view of European competitive commerce. Up to the year

* In the year ending March 31, 1919, Japan supplied India with no less than 35·5 per cent. of unbleached cotton piece-goods imported and 9 per cent. of coloured goods imported (H.M. Trade Commissioner, Calcutta, *Board of Trade Journal*, p. 311. September 4, 1919).

† *Board of Trade Journal*, p. 452. April 3, 1919.

‡ *Board of Trade Journal*, November 6, 1919.

1917 flax-cultivation was not a success in Japan, except in the northern Island, Hokkaidô, where it has been a thriving crop some thirty years. The output has largely increased, and is beyond the absorption capacity of Japanese firms. Of the three chief companies the first is a firm formed in 1907 by the amalgamation of an old-established Hokkaidô Company with a competitor. This united company has four factories in different parts of the country, and uses, besides Hokkaidô flax, a large amount of ramie from China, and occasionally some Indian jute. The output in the second half of 1918 reached 6,000,000 pounds of yarn and 3,000,000 yards of tissues. The second enterprise to be noticed was formed in 1915 with a single spinning and weaving factory, near Tokyo. It uses, again, Hokkaidô flax and Chinese ramie, and the annual output is estimated at 2,500,000 pounds of yarn and 2,000,000 pounds of canvas and hose. The third and last company was formed late in 1916, or early in 1917. The principal output is linen thread spun from Hokkaidô flax, and experiments are being made in nettle-fibre from *Urtica Platyphylla* (Wedd).* One of the latest reported developments is that the Nippon Seima Kabushiki Kaisha is considering the increase of its capital from 5 million to 10 million yen, with a view to acquiring and clearing 7,000 acres of forest-land near Taiwan, in Formosa, for flax-growing.

As Indian jute has been mentioned above, it is worth notice that the production of jute in Formosa is at present over 6,000,000 pounds per annum, and the amount per acre is steadily increasing. At the same time, up to the present there has been very little export of the raw material. The Taiwan Seima Kaisha (Formosa Jute Manufacturing Company) is said to be the only large factory of the kind in the island. It was founded in 1912 with a capital of 2 million yen. From its cultivated jute it manufactures gunny bags, hessian cloth and jute yarn. It had recently at least eighty-seven machines (fifty weaving), and its annual

* Board of Trade Journal, p. 326. March 6, 1919.

manufacturing capacity is from 700,000 to 800,000 gunny bags, besides other material.

In connection with the future textile manufacturing development of Japan, it is noteworthy that the Southern Manchuria Railway Company is especially pushing sheep-farming in Manchuria and Mongolia, and training the Chinese in sheep-rearing for the sake of wool, rather than for meat. At the close of the year 1918, the number of sheep in Fengtien province was estimated at 429,000, in Kerin at 94,000, in Heilungkiang at 63,000, and in Mongolia at 750,000. Furthermore, the Company is backing a new enterprise, promoted by the Oriental Colonisation Company with the assistance of Tokyo, Osaka, and Manchurian financiers, to carrying on the weaving of wool. The capital is 10 million yen in 200,000 shares of 50 yen, of which 12.50 is to be paid up. It is to be a joint Japanese and Chinese organisation, and apparently there is to be a Government subsidy ensuring 6 per cent. dividends till the earning stage is reached. The factory and head office is at Mukden, and the wool-sorting factory at Tientsin. Amongst its declared objects is to manufacture woollen cloth and thread from Chinese wool and camel's hair, and by so doing meet the military requirements of Japan and China, and the demands of Manchuria, Korea, and Siberia.*

Of the total exports of Japan at the present time about half consist of raw silk, silk fabrics, cotton yarns, and textile piece-goods generally. China was the chief customer for cotton yarns and tissues, though Indian demand is rapidly increasing. Indeed, in 1918 the latter imported Japanese yarns and piece-goods to the value of £3,700,000 and £6,000,000 respectively. In 1913 this trade was trifling. The raw silk for the most part goes to the United States.

* *Board of Trade Journal*, p. 181. February 6, 1919. Since these notes were compiled an important report by H.M. Vice-Consul at Tsingtao on the establishment, by Japanese firms, of cotton-spinning mills at that place has been printed in the *Board of Trade Journal*, January 15, 1920. The reader is also referred to valuable figures relating to developments in the Japanese cotton industry published in the same *Journal*, February 26, 1920.

ENGLISH TEXTILES IN THE FAR EAST

At one time English textiles dominated the Far Eastern markets and feared no competition. It is far otherwise to-day. We have already given some account of the growth of Japanese manufactures, and it only remains to consider very briefly the position of Manchester goods before the new competitor.

The immediate as distinct from the more remote prospects of Manchester goods are distinctly favourable as far as the better-class goods are concerned. The demand for grey shirtings, white shirtings, and T-cloths, as well as fancy goods, is satisfactory, especially from Shanghai and Northern China. The consistent quality of the best Lancashire textiles is a great asset. As H.M. Commercial Secretary at Hong-Kong has recently reported: "Their (the Japanese) strong hold on the business rests solely on their ability to put goods on the market at prices with which Manchester houses cannot compete."* But it is necessary to emphasise the fact that the Japanese are waking up to the defects of their early textile products, and to the injury done to their commerce by lax and shifty trade methods,† and their competition in higher-class goods is certain to grow. Part of the unreliable qualities complained of with reason in certain lines of cheap Japanese goods is probably due to the fact that Japanese industry is in a state of transition from cottage to factory production.

The above statement as to the favourable present prospects of British textiles in China applies mainly to the Northern provinces. It is true that throughout the Southern provinces textile stocks are apparently exhausted, but political disorder and consequent insecurity and poverty are a serious drawback to high-class trade.

* *Board of Trade Journal*, p. 456. October 9, 1919.

† By Imperial decree, published in the *Official Gazette* in August, 1919, textiles must be inspected and passed before export.

H.M. Commercial Secretary at Hong-Kong, reporting on "Trade Conditions in the Kwangsi and Kwangtung Provinces," declares that "there can be little hope of any great demand for foreign goods until the purchasing power of the inhabitants has been increased by the development of the agricultural and mineral resources, and the consequent growth of the export trade."

A few facts as to the Foochow trade may be useful. According to the customs returns, cotton goods imported fell from 1,733,382 taels in 1917 to 1,260,509 taels in 1918. The falling off in British goods was serious. Grey shirtings fell from 52,789 pieces in 1917 to 35,772; white shirtings from 13,601 pieces to 10,516, and T-cloths from 17,807 pieces to 7,758. On the other hand, the Japanese largely increased their imports of grey shirtings, drills, and jeans, and out of a total import of 51,913 T-cloths, contributed no less than 44,155 pieces. The British only hold their own in white shirtings, cotton Italians, cambrics, and the like. It may be mentioned that the products of the Chinese mills at Shanghai are beginning to come on the Foochow market. In 1918 they supplied 12,690 pieces of sheetings and 19,849 pieces of drills. Still more significant is the rapid decline of imports of Indian yarn, which fell by two-thirds to 4,048 piculs. How serious the decrease is may be understood by a reference to the figures of the import of Indian yarn in 1913—30,569 piculs. Trade in the interior was in a bad way, but Japanese yarn is evidently driving the Indian product out of Chinese markets.

A few words may be added as to the prospects of British textiles in French Indo-China. Before the war these were handicapped by the protective tariff, and French goods from Lille and other centres had a practical monopoly. In the immediate present, owing to the depreciation of the franc and the continued rise of the piastre or Saigon dollar from 2.50 francs in July, 1914, to 5.75 francs or so to-day, the prospects of selling

* *Board of Trade Journal*, p. 367. September 18, 1919.

Manchester goods has distinctly improved, especially since the cotton districts of France have suffered so severely in the war. However, should the exchanges go back to anything near the old levels or the tariff be made stiffer, British textiles will be squeezed out. At present there certainly is an opening for white shirtings. Grey shirtings are also supplied by the Japanese.

We must also face the fact that Japanese textiles* are gradually driving Manchester goods out of the Dutch East Indies. They have succeeded with crêpe, and are now producing good imitations of Lancashire prints. It is practically certain that in time they will attack pongees and brocades.

JAPANESE SHIPPING

The sudden outbreak of the war caused in Japan, as elsewhere, considerable dislocation. The staple export trade in raw silk was rudely interrupted. The banks adopted a rigidly cautious policy, whilst the rise of insurance rates and the disturbance of the foreign exchanges still further crippled trade. But after the first shock there arose an unprecedented boom in ship-building, encouraged by the world scarcity of freight space and the extraordinary increase of charterage of Japanese ships.

The Armistice sharply checked the ship-building, which had got beyond bounds, and a number of the so-called "dekoboshi" (upstart) dockyards have stopped work. Even the premier Mitsubishi and Kawasaki Companies are said to be turning over some of their plant with a view to manufacturing motor-cars.

Although English and American shipping may regain some of their former superiority, Japanese shipping must be regarded in the future as a progressive and very formidable competitor. A few facts will drive this home. According to the *Kobe Shimbun* it is anticipated

* *Board of Trade Journal*, p. 131, July 24, 1919.

that during the period December 1918–December 1919 the number of ships of over 1,000 tons built in Japanese yards will be 181 (of a gross tonnage, 1,189,285). The Kawasaki output is likely to be 333,000 tons, the Osaka Ironworks 157,800 tons, and the Mitsubishi 107,800 tons.

There is every indication that the builders will concentrate largely on big ships in the future, and the dockyards are floating new steamship companies, to utilise their material. For example, the Kawasaki Dockyard of Kobe have floated the Kawasaki Kisen Kaisha for cargo boats to North America and the South Seas. Again, the Nippon Yusen Kaisha have raised the capital of the Yokohama Dock Company* to 10 million yen, with a view to their shipping programme, which includes three freighters of 10,000 tons each, three passenger liners of 20,000 gross tons each (the first is likely to be built in England), two or three passenger boats of 6,000 tons, and two vessels of the *Suwa Maru* type for European trade. The cost, some 90 million yen, is to be taken from the reserve fund. It is understood also that the balance of the reserve fund will be employed in building a further half million tons of shipping—the programme to be included within the next three years.

Japanese shipping activities in the Pacific are increasingly formidable, and a regular service between New Orleans and Japan via the Panama Canal has been started.† There is also projected, and probably by this time in operation, a line between Japan and Seattle. Indeed, it is stated that a Japanese line subsidised by the Imperial Government will run between Portland and the Far East ports.

In close connection with the increased shipping enterprise of Japan, we find a corresponding development of Japanese and Korean ports. For example, the municipal authorities of Yokohama have a plan in view for a reconstruction and extension of the harbour.

* *Board of Trade Journal*, p. 209. August 14, 1919.

† *Board of Trade Journal*, p. 205. February 13, 1919.

It is intended to construct a harbour outside the existing breakwater, from Yommoku Nose towards the mouth of the Tsurumi River, thus forming an outer harbour. The dimensions of this outer harbour will be 4,000,000 tsubo (tsubo = 4 square yards), while the old inner harbour measures 500 tsubo. The total cost cannot be less than 17½ million yen. Extremely important developments may also be expected at the Korean port of Seishin on the completion of the projected Kirin-Kainei Railway. If these take place, much traffic which now passes through Dairen will be diverted to the more direct route and shorter sea passage from Seishin. The Bay of Seishin is not only large and ice-free throughout the year, but very deep—from 50 feet in the centre to 30 feet close inshore on the eastern side where the town is built. The only protection, however, is from westerly gales. On the town-side of the bay two breakwaters, including some ten acres, have been made, but, as a rule, only fishing craft of less than 300 tons are allowed inside, except when special facilities are given to steamers with railway material. Ordinary freight boats under 1,000 tons must remain anchored outside, where in bad weather they can neither load nor unload cargo. To build adequate breakwaters would be very costly indeed. It has been suggested that instead of this the swampy ground to the south-west of the town near the railway station should be dredged, and docks constructed there. Estimates in either case may reach anything from 20 to 30 million yen (£2,050,000 to £3,060,000).

Although the port of Seishin is only eleven years old, its trade increases annually and is now 8 million yen or more. As soon as the Kirin-Kainei Railway is complete and open to traffic, thus giving adequate transport through rich agricultural, mining, and lumber districts, the trade of the port must be immensely stimulated.

It may be of interest further to note in respect of the foreign trade of Japan that H.M. Commercial Secretary*

* *Board of Trade Journal*, p. 302. September 4, 1919.

at Yokohama reported lately that a Japanese-American Cable Company is proposed (the Nichibei Kaitei Densen Kabushiki Kaisha) with a view to laying a cable between Yokohama and San Francisco. Both Governments are said to regard this new departure favourably.

As regards the trade of India, only ten years ago most Japanese imports into India were carried by British ships, financed by British money, and distributed by British or Indian traders.* This is no longer the case. Now 90 per cent. of the Japanese imports into India are brought by Japanese steamers, and there are large and increasing Japanese colonies in Calcutta and Bombay.

STEEL AND MACHINERY

Attention has been drawn again and again in this book to the opportunities in the Far East for British manufacturers of machinery, hardware, and railway material. It may be useful as a stimulus and a warning to show that both Japanese and Indian firms are alive to these opportunities and preparing for the future.

In respect to Japan we may take an example in the Anzan Steel Works of the South Manchurian Railway Company. The first smelting furnace here was expected to be completed by August, 1918, but it was not till May in this year (1919) that production started. The second smelter should be working before Christmas. The compound measures one and a half million tsubo (about two square miles) in area. In the current fiscal year the work to be done includes the second smelting furnace, gas supply plant, gas plant for steel works, coal storage, coal-tar distilling plant, power-house extension, sulphuric acid plant, boiler plant extension, and fire-brick plant. The U.S.A. has furnished 3,000 kw. turbo-generators, water-tube boilers, gas-washers and air-compressors. Switzerland, upright water-tube boilers, turbo-blowers, air-blowers, artificial draught arrangement, and centrifugal pumps. Great Britain

* *Board of Trade Journal*, November 6, 1919.

has supplied Babcock and Wilcox boilers. Still further material will be purchased abroad. Those actually engaged in the works at the end of June last were 607 Japanese and 743 Chinese. Eventually it is expected that the colony will number about 100,000.

The original plan was to put up four smelters before starting on the steel plant, but, owing to the great drop in the price of pig-iron* since the Armistice, it has been decided to defer the erection of the second two furnaces and get on with the installation of the steel plant.

An electric turbine of 10,000 kw., ordered from Switzerland, is expected to arrive shortly, and by accelerating work on the steel plant it is hoped to be able to turn out steel ingots before the close of 1920. Ultimately the company intends to expand the works to the size of the Japanese Government Steel Works at Edamitsu, and it is expected that from 600,000 to 700,000 tons of pig-iron will be used annually, and rails and steel plates manufactured on a large scale.

In respect to India it is stated in the American Press that two blast furnaces from the United States are to be erected by the Tata Iron and Steel Company, near Bombay, whilst a charcoal blast furnace is being got ready for the state of Mysore. Furthermore, a contract is in hand for the supply of a 350-ton blast furnace to the Indian Iron and Steel Company, to be put up 125 miles from Calcutta. This company intends to erect three blast furnaces, by-products coke ovens, benzol plants, and a modern open-hearth steel plant and finishing mills.

Similarly it should be noted that the Bengal Iron and Steel Company, in view of contemplated extensions of their works in India, have reconstructed the undertaking under the title of the Bengal Iron Co., Ltd. They are paying off their £200,000 mortgage debenture stock and increasing their capital from £412,350 to a nominal amount of £2,500,000.

* Large stocks of pig-iron are held in Japan, and it is reported that the United States are planning to export largely to the Far East.

FAR EASTERN OPENINGS FOR BRITISH GOODS

Machinery, Rolling-stock, Locomotives, and Motor-cars.

—So much has the opportunity for English machinery manufacture been already insisted upon in this book that little need be added here. It is probably the most fruitful field of all. If, however, motor traffic is to be developed, good roads—at present almost non-existent in the Chinese Empire—must be laid out and kept in order. A primary requisite for this is internal tranquillity. Cotton mills are rapidly increasing in number in Shanghai, and there must be an increasing demand for textile machinery of all kinds.

In respect to specialities the British Vice-Consul at Pagoda Anchorage, Foochow, reported this summer (1919) that there was an opening at that port for the sale of internal combustion oil engines. He particularly recommends the Scandinavian hot-bulb ignition system as being more attractive to the Chinese than those machines in which ignition is set up by magneto or battery. If a simple marine engine of this type, burning crude oil, could be sold reasonably, it would probably be preferred by launch owners to the present steam-engines.*

There is also a distinct Far Eastern demand for cheap but reliable field-tools for plantation-work. Before the war this was almost a monopoly of Remscheid manufacturers.

Cigarettes.—This trade, already pushed by the British-American Company, is capable of enormous extension and is of quite recent growth. As regards Foochow alone the Customs figures show that the value of this import rose from 59,165 taels in 1917 to 97,664 taels in 1918, the chief consumers being the Chinese soldiers of the Northern Army.

Drugs and Fertilisers.—The demand for sulphate of ammonia, heavy chemicals—as soda ash and caustic

* *Board of Trade Journal*, p. 16. July 3, 1919.

soda—as well as certain drugs, must increase as local industries arise.

Woollen Goods.—For these openings still exist.

Dyes are badly wanted, but they must be reliable. One of the reasons for the success of German dyes in China was that they could be relied on, and in future a standardisation of colour shades is essential. The Chinese attach special significance to certain colours, and make a distinction between those that are lucky or unlucky. In Amoy, Swatow, Chuchow, and other South China coast towns, imported shirtings and sheetings are dyed to suit the Chinese taste. And the quality and uniformity of colour is an important factor in the success of this very extensive business. British dye-manufacturers must bestir themselves if the renewal of the old German predominance is to be avoided.

Luxury Imports.—The increased import of jewellery, especially diamonds, since the war in Japan is noteworthy, and as Chinese capitalists amass wealth a similar development would not be unlikely.

Chinaware.—There is a growing tendency in Shanghai and other large cities to live in foreign style, and good washing and sanitary appliances and crockery are in some demand. The bulk of the cheap trade is, of course, in Japanese hands, and with that and other penny-bazaar traffic it is difficult for British manufacturers to compete.

Jam.—Though little has hitherto been done in this matter, it is quite possible that good, cheap Colonial jam would find a market in China if advertised and pushed as cigarettes have been. It may be found that the coolies back from service abroad have acquired new gastronomic tastes.

Furniture, Gramophones, etc.—There would seem still to be opportunity for high-class goods.

Construction Materials and Timber.—This field is still open to enterprise. The Chinese have often wasted their wood, and sacrificed the future to present profit.

THE RAILWAYS OF SOUTHERN CHINA

Up to the present railway construction has been more advanced in Northern China than to the south of the Yangtze. The need in the south was not so imperative on account of the good river communications there existing.* In the future British manufacturers will do well to watch their opportunities for supplying material for the projected southern railroads.

South of the Yangtze the following railways are already finished or in process of construction:

1. Shanghai-Nanking. Length, 204 miles (completed).
2. Shanghai-Hangchow-Ningpo. Length, 218 miles (a large portion constructed).
3. Changchow-Amoy (Changsia). Length, 20 miles (completed).
4. Swatow-Chachowfu (Chaoshan). Length, 26 miles (completed).
5. Canton-Kowloon. Length, 111 miles (completed).
6. Sunning Railway (Towshan to Kongmoon), 80 to 90 miles (completed). Extension to Yeungkong under construction. Branch to Canton planned.
7. Canton-Hankow (Yueh Han). Partly built. There is, however, a gap of some 80 miles in the middle, without even earthworks laid.
8. Canton-Samshui, 30 miles (completed).
9. Yunnan-Tongking, 634 miles, of which 289 miles are in China (completed).
10. Nanchang (Kiukang to Nanchang), 80 miles (completed).
11. Changsha-Chuchow-Pinghsiang, 65 miles (completed). One section is to be part of Canton-Hankow Railway.

The proposed railways are as follows:

1. Chungking or Suifu in Szechuan to Yunnanfu thence to Pakhoi or Kwangchow in Kwangtung, with a branch from Nanning in Kwuangsai to Langson in French Indo-China. About 600 miles. It was proposed that

* *Board of Trade Journal* p. 359. September 18, 1919.

this line should be constructed under French auspices. Among other effects this railway would open up still further the resources of Yunnan and Szechuan.

2. Chuchow-Chinchow Railway. This railway, under an American contract, would open up parts of Hunan and Kwangshi, and would form part of a main line between French Indo-China and Shanghai.

3. Shasi-Singyifu Railway, to run through Hunan and Kweichow provinces, giving an approach to Yangtze River on the one hand, and on the west the Yunnan-Pakhoi Railway.

4. Nanning (in Kwangsi) to Canton. This, with the Yunnan-Pakhoi Railway, would give direct communication between Yunnanfu and Canton.

5. Kweilin (in Kwangsi) to Wuchow.

6. Yunnan-Burma. Great engineering difficulties would be encountered. It is unlikely in the near future.

7. Canton-Macao (Kuang Ao) Railway to be begun 1919. Length to be 116 miles.

8. Limchow or Kwangchow to Canton, parallel to Nanning-Canton Railway.

9. Yeungchun to Yeungkong.

10. Waku to Hangchow.

11. Nanking-Changsha. It connects parts of Kiangsu, Anhui, and Kiangsi.

AMERICAN TRADE IN CHINA

The American share in Chinese trade is shown by the following table of the chief imports imported into China in 1918, with the percentage supplied from the United States:

	Dollars.	Percentage from U.S.
Automobiles	1,518,666	48
Cigarettes	28,612,390	47
Coffee	1,072,288	49
Cotton (raw)	7,242,126	6½
Cotton (grey shirtings) ..	12,157,359	4
Dyes: paint and paint oil ..	2,265,331	13½
Electrical materials and fittings	4,930,900	20
Furniture, and materials for ..	1,338,981	23

	Dollars.	Percentage from U.S.
Iron and Mild Steel:		
New bars	3,739,522	37
Nails and rivets	2,114,502	47
Pipes and tubes	3,444,921	64
Sheets and plates	3,619,097	48
Galvanised sheets	1,209,203	43½
Galvanised wire	1,100,906	45
Steel bars, hoops, sheets, plates, etc.	3,094,833	58
Tinned plates	5,039,511	40½
Textile machinery	1,968,538	n
Medicines	6,104,717	5
Oil:		
Kerosene	33,690,351	35
Lubricating	2,180,197	61
Paper	8,641,572	17
Railway material (excluding sleepers)	1,693,764	49½
Shoes and boots, leather	3,020,615	66½
Tobacco	6,739,182	47
Wax, paraffin	1,341,212	35

(Furnished to American Chamber of Commerce in China.)

APPROXIMATE STATISTICS OF SOYA BEAN HARVEST OF MANCHURIA IN SHORT TONS (2,000 LBS.).*

Year.	S. Manchuria.	N. Manchuria.	Total.
1915	1,388,600	520,000	1,908,600
1916	1,332,000	550,000	1,882,000
1917	1,380,600	600,000	1,980,600
1918	1,530,000	570,000	2,100,000

For 1919 prospects in South Manchuria seem to promise rather more than the average, but in North Manchuria the outlook is not so good.

THE FOREIGN TRADE OF CHINA IN 1918

According to an article in the *North China Herald* of May 24, 1919, the value of the direct trade between China and Great Britain was H.K. taels 75,154,882 in 1918—that is, H.K. taels 52,500,000 more than in 1914. The imports from Great Britain were valued at H.K. taels 50 millions, the exports being a little more than half this amount. Japan holds the first place, her total trade with China being valued at H.K. taels 402 millions

* *Board of Trade Journal*, p. 421. October 2, 1919.

and rather over, of which 239 millions were imports from Japan. The United States trade reached nearly H.K. taels 136 millions.

BRITISH TRADE WITH CHINA

When this book was in the press Dr. H. B. Morse read a paper before the Royal Society of Arts (November, 1899), and I was invited to take part in the discussion. Every word of that contribution is worthy of careful study. The following extract is made in the hope that the views of this great authority may be compared with others in this book. The subject considered is the Balance of Trade, and three phases are taken: From 1637 to 1833, then from 1833 to 1867, and from the latter date to 1905.

Dr. Morse said: "In the first phase the trade was balanced only by the constant importation of silver dollars, until, towards its close, a way was found, through opium and cotton, of providing the funds required for buying the tea and silk for which the foreign traders came to China. These means, supplemented by the discovery of Manchester, sufficed to carry the trade through the second phase, except that in the crisis of the Taiping rebellion, through the combined action of the hoarding of silver, and of the large quantities of silk thrown on the market, the foreign traders were driven to resume the importation of silver dollars to avert disaster. In the third phase the tide gradually turned the other way, and, by the opening of the twentieth century, the value of imports constantly exceeded that of exports—by 82 million taels in 1903, by 80 million in 1909, by 167 million in 1913, and even in 1918, in time of war, with no importation of opium, by 70 million taels. In 1904 I made some investigation of the visible and invisible assets and liabilities of China in her commercial dealings with foreign countries; and in the following table I give a summary of the results, together with supplementary figures in later years by my successor:

LIABILITIES.

	1903	1909	1913
	Million taels.	Million taels.	Million taels.
Merchandise imported	316	418	570
Bullion and coin imported .. .	37	32	59
Loans and indemnities	44	54	58
Chinese Legations, Consulates, and students studying abroad ..	4		
Freights, insurance, and profits of foreign traders in China ..	23	33	31
	<hr/>	<hr/>	<hr/>
	424	537	718

ASSETS.

	1903	1909	1913
Merchandise exported	236	339	403
Bullion and coin exported	33	22	24
Unrecorded land trade	4		
Proceeds of loans for development of railways, mines, etc	27		
Foreign Legations, Consulates, garrisons, navies, in China	28	77	77
Foreign merchant ships, maintenance and repair	12		
Foreign missions, hospitals, schools, and travellers	12		
Remittances from Chinese emigrants	73	100	100
	<hr/>	<hr/>	<hr/>
	425	538	604

“ We come now to the distribution of the trade—the countries from which the imports came, and those to which the exports went. Here we are confronted by a difficulty. The Chinese customs have no power to demand declarations or certificates of origin or destination, and cannot go behind the bill of lading or the voluntary declaration of the trader. When German goods pass through Genoa or Antwerp, or American goods through Yokohama, they have to be assigned to Italy, Belgium, or Japan respectively. So, too, the products of all the nations, passing through Hong-Kong, lose their identity, and must, in the Chinese Customs returns, be assigned to that port. But Hong-Kong produces little outside its refining of imported sugar, and its consumption is (was in 1905) that of a population of a third of a million. Commercially it is a collecting and distributing centre for South China in precisely the

same degree that Shanghai is for Central China; and in any serious consideration of China's place in world trade, Hong-Kong must be treated as part of the Chinese commercial area, regardless of the flag that flies over it.

"The simpler trade of 1867, in so far as it was camouflaged by Hong-Kong, Antwerp, and other distributing ports, I found that I could analyse without difficulty. For 1905 I took the returns of all the countries of the commercial world, and abstracted from them particulars of their trade with China and Hong-Kong—their special trade, excluding transit trade. I was thus able to make out the following tables showing the actual distribution of the trade of China within a small margin of error.

DESTINATION OF EXPORTS FROM CHINA.

Country.	1833.		1867.		1905.	
	Amount ooo taels.	Per cent.	Amount ooo taels.	Per cent.	Amount ooo taels.	Per cent.
United Kingdom ..	8,615	58.1	38,537	66.6	18,179	7.0
British India ..	—	—	347	0.6	10,108	3.9
Singapore* ..	—	—	1,560	2.7	18,240	7.0
Australasia ..	—	—	2,717	4.7	2,309	0.9
Canada, Ceylon, South Africa, etc. ..	—	—	—	—	1,759	0.6
British Empire ..	8,615	58.1	43,161	74.6	50,595	19.4
Russian Empire ..	—	—	1,041†	1.8	38,645	14.8
German Empire ..	—	—	—	—	11,500	4.4
France ..	—	—	—	—	43,055	16.5
Italy ..	—	—	—	—	20,741	8.1
Other European coun- tries ..	667	4.4	3,121	5.4	10,383	4.0
Continent of Eu- rope (including Siberia) ..	667	4.4	4,162	7.2	124,324	47.7
United States ..	5,581	37.5	8,672	15.0	40,325	15.5
Japan ..	—	—	1,116	2.0	36,564	14.0
Other Asiatic countries	—	—	69	1.2	8,821	3.4
Total ..	14,863	100.0	57,805	100.0	260,629	100.0

* Singapore resembles Hong-Kong in being a distributing centre for countries to north and south.

† Tea via Kiakhta only.

PROVENANCE OF IMPORTS INTO CHINA.

Country.	1833.		1867.		1905.	
	Amount ooo taels.	Per cent.	Amount ooo taels.	Per cent.	Amount ooo taels.	Per cent.
United Kingdom ..	1,670	10.5	28,631	41.3	114,310	23.5
British India ..	11,730†	73.3	33,238†	46.5	97,600	20.1
Singapore* ..	—	—	1,525	2.2	10,353	2.1
Australasia ..	—	—	1,179	1.7	5,743	1.1
Canada, Ceylon, South Africa, etc. ..	—	—	—	—	1,935	0.4
British Empire ..	13,400	83.8	63,573	81.7	—	47.2
Russian Empire ..	—	—	208†	0.3	16,925	3.5
German Empire ..	500	3.1	554	0.8	24,700	5.1
France ..					2,194	0.4
Italy ..					908	0.2
Other European coun- tries ..					17,375	3.6
Continent of Eu- rope (including Siberia) ..	500	3.1	762	1.1	—	12.8
United States ..	500	3.1	693	1.0	87,977	18.2
Japan ..	—	—	2,149	3.1	78,328	16.1
Other Asiatic countries	1,600	10.0	2,152	3.1	27,360	5.7
Total ..	16,000	100.0	69,320	100.0	485,715	100.0

* Singapore resembles Hong-Kong in being a collecting centre for countries to north and south

† Trade by land frontier not included.

" In the export table the showing of the United Kingdom is bad—the fact cannot be disguised. It is explained by three principal causes. In the first place, England no longer buys China tea, but takes it now from her own empire—from India and Ceylon. In the second place, England has not taken her proper share in developing the new export trade of China; oil seeds go to Japan, France and Germany (I am considering solely pre-war conditions); fibres go mainly to Germany; and so on. This is partly due to lethargy, but principally to the fact that here also England draws her supplies

from her own possessions—jute from India, palm-kernels from Nigeria, etc.

“ For the third principal cause there is no such compensation. Down to 1867, London was the Western world’s market for silk; Lyons, Milan and New York silk-weavers went there for their raw material, and the London merchant levied his toll on the transaction. That had to end some day, and the end came with the opening of the Suez Canal; and now Lyons and Milan buy their Chinese silk in Shanghai and Canton.

“ The import table is more intricate and more interesting. The United Kingdom, in the first phase, could send little beyond a small quantity of woollens; in the second phase, it was discovered that Manchester cottons could be sent with profit to a country which, in the first phase, had sent cotton rankens to England; and in the third phase this trade in cottons was greatly increased, with almost a monopoly of fine cotton cloths for which a natural advantage is found in the soft Lancashire air, and supplying a full half of coarse cottons. While the English percentage of the whole import trade fell nearly a half, it was in a much larger trade, and the absolute amount increased fourfold from 1867 to 1905, an increase only partly due to the reduced value of the silver tael.

“ The percentage of British India fell more than half, but the absolute amount increased threefold—made up with about 35 per cent. opium and nearly 55 per cent. cotton manufactures; and now (1919) opium has disappeared from the import trade, and India will depend mainly on her cotton yarn and coarse cottons for maintaining her hold on the Chinese trade.

“ The Russian increase is due to the inclusion of the value of the trade by the land frontier, for which no statistics of earlier years could be obtained.

“ Germany created a new trade, amounting in 1905 to 25 million taels, one-fifth of that of the United Kingdom; and, apart from synthetic dyes, her trade was maintained by two factors: her traders pushed into the market, hunted up buyers, gave them articles in the

shape in which the buyers wanted them, and devoted themselves night and day to their work; her manufacturers turned out a cheap form of product adapted for a land of great poverty and great thrift.

"Belgium also created a new trade, but it must be borne in mind that the Belgian mills are frequently the free-trade face of financiers of protectionist France—who supply their home trade from French mills, and their foreign trade from Belgian mills.

"American trade shows a great development, due to three main causes. First, the creation of the demand for kerosene oil and in the future for petrol. Secondly, the discovery of the fact that a country growing its own cotton can supply coarse cottons on better terms than one which must import its raw material, with the result that in 1905 the United States supplied 45 per cent. of the Chinese demand for such cottons. Thirdly, American business methods, which have been copied in many respects by the Germans.

"Japanese trade had taken a stride forward in 1905; in 1913 its share in the export trade was close on 20 per cent., and in the import trade close on 25 per cent.; and in 1918, under war conditions, it had over a third of the export trade, and not far from half of the import trade. (The intervention of Hong-Kong prevents a more accurate estimate.) This result was natural in the case of a country contiguous to China and one entering on a course of industrial development."

Since Dr. Morse gave his views so clearly other trade returns have appeared which show that Great Britain is regaining her position in China.

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